ICHORCOAL

MINING THE FUTURE

Annual Report 2013


LIEBHERR
VOLVO

Key Figures

Works at Portion D, Vunene Mining, Ermelo

Group Performance Indicators

Income statement figures from continued operations	2013 EUR thousand	2012 EUR thousand
Revenues	24,865	13,268
EBITDA	1,208	5,322
EBIT	–3,953	2,962
Profit or loss for the year	–10,949	–815

Balance sheet figures	31.12.2013 EUR thousand	31.12.2012 EUR thousand
Total assets	174,944	149,432
Non-current assets	145,871	115,315
Current assets	29,073	34,117
Total equity	32,936	24,415
Non-current liabilities	136,220	106,884
Current liabilities	5,788	18,133

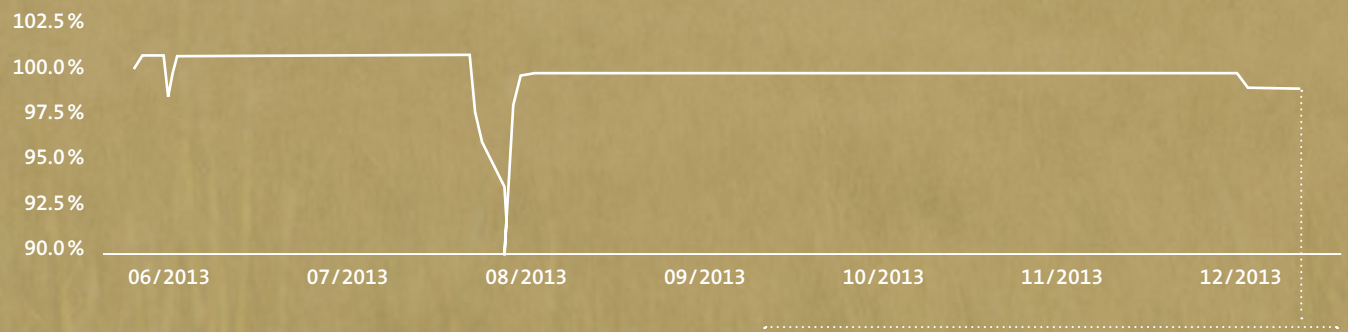
Cash flow figures	31.12.2013 EUR thousand	31.12.2012 EUR thousand
Cash flow from operating activities	–6,328	–13,069
Cash flow from investing activities	–50,938	–49,793
Cash flow from financing activities	53,136	73,222
Cash and cash equivalents at the end of the period	9,335	17,165

IchorCoal Shares and Bonds

The Camden Power Station. The overland conveyor which will be feeding coal from the underground workings to the station can be seen in the foreground.

Ichor Coal N.V. Corporate Bonds 2013 (15)
WKN A1HJ8F, ISIN NL0010485207

Amount:	EUR 40 million (placed EUR 35 million)
Interest rate:	6.50 percent p.a.
Denomination:	EUR 100,000
Maturity:	2 years
Listing:	Entry Standard, Frankfurt Stock Exchange (from 4 June 2013)

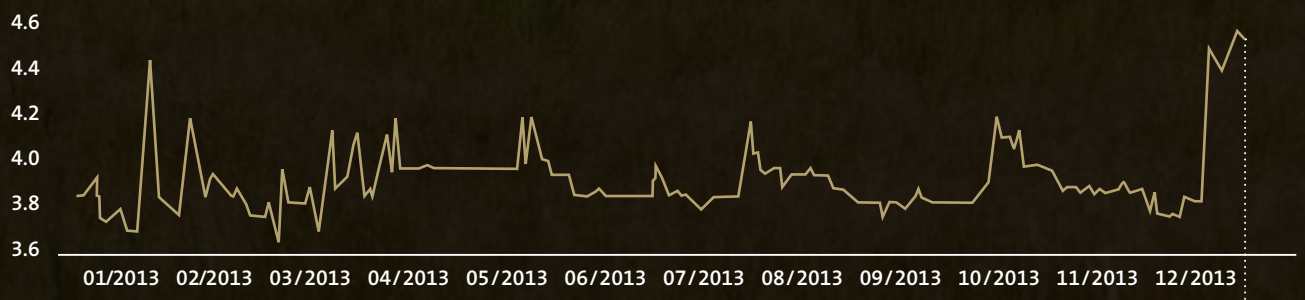


99.0 percent
As at 31 Dec. 2013

Source: Frankfurt Stock Exchange

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

Total number of shares:	55,000,000
Market capitalization: (as at 31 December 2013)	EUR 252 million
Issued capital:	EUR 5.5 million
Stock exchanges:	Entry Standard, Frankfurt Stock Exchange, Freiverkehr Berlin, Hamburg
First quotation:	28 Dec. 2011

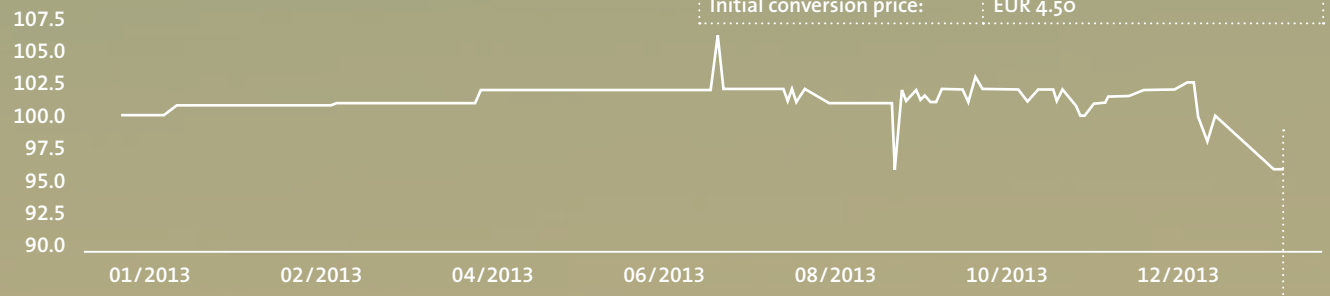


4.59 Euro
As at 31 Dec. 2013

Source: Frankfurt Stock Exchange

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

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



95.0 percent
As at 31 Dec. 2013

Source: Frankfurt Stock Exchange

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"IchorCoal will become a world-class player"

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Dear Shareholders,

2013 brought a number of far-reaching changes for IchorCoal N.V. Our strategy since the company's formation in 2011 was premised on being an integrated coal producer whose business model encompassed the production, processing and trading of coal. After extensive review, IchorCoal has modified its strategy and will in future concentrate exclusively on the production of coal. Moreover, the geographic focus for our mine development activities will now be solely southern Africa, an area that we consider to be very promising for coal. The reason for this change in strategy was the realization that at this stage of IchorCoal's evolution, we can drive the growth of our company more effectively with a more focused approach.

A direct consequence of the change in strategy was the sale of our entire shareholding in HMS Bergbau AG, which specializes in coal trading and acted as the marketing arm of our company. In addition, we successfully concluded a transaction to dispose of our two mining projects in Poland, namely: Niwka Coal Production Sp. z o.o. and from Pszczyna Coal Production Company Sp. z o.o.

Our goal over the next five years is to develop existing assets and make value enhancing acquisitions to grow IchorCoal to a mid-tier coal producer in the South African market. To help achieve these objectives, the Management Board was strengthened by the appointment of Nonkululeko Nyembezi-Heita as Chief Executive Officer and Andries Engelbrecht as Chief Operating Officer at the beginning of 2014. Heinz Schernikau, the previous Chief Executive Officer, left the company on 31 December 2013.

In the case of our core operating asset – the South African coal mining company, Vunene Mining, in which we hold a 74 percent stake – we produced 950,000 tonnes of coal last year, 14 percent less than the previous year. The main reason for the decline was the delay in the issue of the necessary permits for the opencast mines Block D and Portion 9. We deemed it prudent to wait until all approvals were granted before starting operations as mandated by South African legislation. Thus, opencast mining commenced in September last year and since then, production has been increased to more than 180,000 tonnes a month.

Our projection for 2014 is an annual output of two million tonnes from opencast operations with an estimated economic life of two and a half years. Therefore, from early 2016 onwards, it is envisaged that the Vunene underground production will commence. Progress is being made with negotiations between previous mining right holders and Vunene to agree prerequisite arrangements to enable underground mining to commence. We anticipate reaching agreement on outstanding matters in the second half of this year.

Of crucial importance this past year was the conclusion of a Coal Supply Agreement (CSA) with Eskom to supply coal to Camden power station, which is located only a few kilometers from the Vunene mine. Camden

Health and Safety Report	Jan.-Dec. 2013	Jan.-Dec. 2012
Manshifts	134,501	38,136
Hours	1,245,592	384,165
Injuries	0	0
Fatalities	0	0
Lost Time Injuries	1	0
Last Injury	10 Sep. 2013	17 May 2012
TIFR[1] (2012)	1.61	2.68
LTIFR[2] (2012)	0.80	1.34

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

Nonkululeko Nyembezi-Heita
Chief Executive Officer

Andries Engelbrecht
Chief Operating Officer

Sebastian Giese
Chief Financial Officer

consumes around five million tonnes of coal per year. Despite initial difficulties, this collaboration turned out to be highly positive and we are confident that this relationship will prove to be a stable and mutually beneficial one over the coming years. This will be particularly important for the underground operation. Approximately 60 percent of the coal extracted last year was sold to Camden power station and the remainder was exported primarily to Chinese customers, thus demonstrating our ability to service the export domain.

Our collaboration with our strategic partner in South Africa, the Mbuyelo Group, developed further. On top of the 30 percent stake we bought in the Mbuyelo subsidiary – Mbuyelo Coal – in 2012, we increased our share to 45 percent during the last financial year. With the successful completion of the additional share purchase, the coal resources attributable to IchorCoal now total more than 185 million tonnes from the Eloff mine alone. The latter is Mbuyelo Coal's most promising project, which in turn owns an estimated 600 million tonnes of coal resources and reserves in its nine coal projects.

To finance the acquisition of the Mbuyelo stake and advance the development of the Vunene mine, we issued corporate bonds amounting to EUR 40 million in two instalments last year, from which we placed EUR 35 million in the market in two tranches in June and October. The bond bears an attractive coupon of 6.5 percent and is included in the trading on the Open Market (OTC) of the Frankfurt Stock Exchange under the Securities Identification Number (WKN) A1HJ8F.

In addition, we increased the issued share capital of IchorCoal by 10 percent in August 2013 from EUR 5 million to EUR 5.5 million. IchorCoal therefore issued 5 million new shares with a nominal value of EUR 0.1 for EUR 4 per share. The new shares are eligible for trading on the Entry Standard of the Frankfurt Stock Exchange. The bond issue and equity capital increase were subscribed by institutional investors. We take this as a sign of ▶

confidence in our company that we were able to successfully place both issues within a very short time.

The Group's 2013 profit and loss statement was driven by the production ramp-up at Vunene mine and the disposal of our investment in HMS Bergbau AG. Sales revenue reached EUR 24.9 million at a gross margin of EUR 7 million. Due to the timing of the production ramp-up, the gross margin did not entirely cover total costs, which shows in the negative EBIT of EUR -4 million. However, we achieved slightly positive EBITDA of EUR 1.2 million. The Group balance sheet was again mainly driven by the increased investment in Mbuyelo Coal as well as the production ramp-up activities at Vunene Mining. All this was funded by the financing activities of IchorCoal N.V. through an increase in share capital and the bond issuance detailed above.

Driven by the fear of a turnaround in interest rates in developed countries, emerging market currencies have fallen significantly in value since autumn 2013. The South African rand was severely affected by this development. These currency fluctuations will certainly continue to exert an influence on the local economy in the near to medium term. However, in view of the rising trend in electricity demand, we remain optimistic about the local market opportunities for steam coal. The demand and supply dynamics in export markets also continue to be positive for coal, which should serve to further underpin our prospects for the foreseeable future.

We continue to attach great importance to our socio-economic development projects within the framework of our social and labour plan in the Msukaligwa municipality. Altogether, we make a significant amount of money available to local communities each year. In this way, we seek to demonstrate our ties with the community and contribute towards supporting the development of the region.

During the past year, we have fully met our obligations in the area of environmental protection and rehabilitation. In particular, the site of the former Section 6b, which we closed last year after its successful exploitation, is now well on its way to being rehabilitated.

Our greatest concern remains the welfare and well-being of our employees. The total staff complement of the IchorCoal Group stood at 105 permanent employees and 486 contractors at the end of 2013. Health and safety regulations are meticulously complied with in our mines and workplaces. The gratifying consequence of this is that the lost time injury frequency rate improved further to 0.80, markedly below what was already a very good achievement in 2012. Under the motto "Vunene cares", we also launched an employee wellness programme at

the beginning of 2014, whose primary aim is to promote preventive care and foster a healthier workplace. This is an all-encompassing program incorporating screening and testing for major diseases. Furthermore, awareness in the areas of personal financial fitness and life skills are promoted.

We would like to take this opportunity to thank our employees whose efforts and commitment have consistently supported the pursuit of our company's goals and objectives. We also thank our shareholders and the Supervisory Board for their wise counsel, guidance and support.

Berlin, 27 March 2014

"An attractive option"

Nonkululeko Nyembezi-Heita was in March elected as Chief Executive Officer of IchorCoal. She has spent the last six years as the CEO of ArcelorMittal South Africa and gained experience in the industrial sector. Before that she was the Chief Corporate Strategy Officer at the Vodacom Group in South Africa. In the interview she explains where she wants to lead IchorCoal to.

Ms Nyembezi-Heita, what motivated you to take over the position of CEO at what is a comparatively small company like IchorCoal?

My involvement in the industrial sector these past six years made it even clearer to me just how vital mining is and will continue to be for the South African economy. Within the mining sector, coal production has exciting prospects and so coal will be a key factor in driving economic growth in our country, firstly because we are building new coal-fired power plants and secondly because we have excellent export opportunities. Against that background, I view the smaller end of coal production – the so-called junior coal miners – as best placed to benefit from this simply because it's easier to generate rapid growth in a start-up company, and I was looking for just such a business challenge. In essence, it is an opportunity to turn a small business into a large one.

What do you mean exactly? How do you want IchorCoal to develop over the next few years?

South Africa produced around 260 million tonnes of coal last year and we assume that this amount will increase significantly during the next ten to twenty years as both domestic demand and exports increase. On the other hand, the South African coal market is currently dominated by five large suppliers who control 85 percent of coal production, with the remaining 15 percent coming from what are in part very small mines. We see an opportunity to establish ourselves over the next few years as a mid-tier enterprise through a combination of organic and inorganic growth. Everyone expects a degree of consolidation in the junior coal mining sector, and I believe IchorCoal is well positioned to play a role in this.

What does that mean in concrete terms?

It's quite early days so I'm not yet in a position to commit to specific figures, but an annual production of 15 million tonnes should be achievable in the next five years. Moreover, IchorCoal will establish itself as a "pure play" in the market, as a company focusing exclusively on coal production and doing so solely in South Africa – at least initially. I think this concentrated positioning will represent an attractive option for investors looking for a highly differentiated profile from traditional diversified players.

That entails a radical strategic reorientation for IchorCoal: after all, up until a few months ago, the company presented itself as an integrated coal corporation that covered the entire value-added spectrum. With hindsight, was that the wrong approach?

I wouldn't say that. I just think it was becoming clear that at that point in the company's evolution, its growth ambitions could not be achieved quickly enough within that structure. I am impressed by the fact that once the group came to this realization, it took swift action to realign and refocus the business. Anyhow, we will now be concentrating on developing mines and intend to grow on that basis into a mid-sized coal miner. Our ambition is to reach world class performance levels in key performance areas – in particular, health, safety and production costs. ▶

"IchorCoal will become a world-class player"

I believe we now have the management talent on board to achieve this goal.

IchorCoal only produces steam coal at the moment. Will that remain the case?
Right now, that is our focus. That said, coking coal offers interesting possibilities for expansion in the future and we will certainly be taking that into consideration at the appropriate time.

Do you also intend to invest outside of South Africa, for instance in neighboring countries like Mozambique?
I would not rule that out in the longer term, but given the growth opportunities available in South Africa, that is not currently under consideration. You must also consider one aspect: we are a relatively small company and don't have the resources the major players have to build our own logistics infrastructure for transporting coal. That is what makes South Africa so attractive. Where we currently mine our coal, we have the infrastructure that we need: the roads, rail and ports are there, even if they are not always in the condition we would wish them to be in. That is different in other countries, which results in very different investment needs.

In which areas does South Africa have to catch up?
There is certainly a need for additional rail connections to major coal centers in South Africa. Needless to say, Eskom will remain our single most important customer for a long time to come. But we also want to increase exports to ensure more balanced market exposure, not to mention the need to diversify income streams and provide a meaningful hedge against rand volatility. We will be watching Transnet Freight Rail's plans regarding additional rail capacity for the coal sector with keen interest. Clearly there's an asymmetry between the port handling capacity at Richards Bay Coal Terminal and the capacity of the rail infrastructure to that port. Transnet has committed to a substantial capital investment program to increase capacity, including a new rail link to the Waterberg region where new coal mines are currently being developed.

What is the role of exports in your planning for IchorCoal?
We have already been granted a small allocation at Richards Bay some time ago and have reached an export share of around 40 percent of Vunene's total sales in recent months. I cannot predict how this will develop further, that depends on the markets. The bottom line is: we have the insight and know-how and can take advantage of opportunities in both domestic and export segments of the market at any time for the benefit of our company and our shareholders.

Are you concerned about the depreciation of the rand that could be observed over the last few weeks?
It's a double edged sword. At the moment, the weaker rand is beneficial to us because we want to further invest using predominantly euro financing. In the long run, however, it could of course weaken reported profitability. It is therefore all the more prudent to hedge against these

"We want to achieve the right balance between local sales and exports"

currency fluctuations through the export of coal which brings in dollar revenues.

Again and again we hear in the media that the South African government is planning to restrict the export of raw materials, and of coal too – are you worried about such an eventuality?

You have to put yourself in the position of the government: it has to balance the need to ensure that sufficient coal of an acceptable quality is available to Eskom at a reasonable price against the need to ensure the long-term sustainability of the mining industry. The legislative process is ongoing in this regard. It is encouraging that the industry has been consulted, so hopefully what will emerge in the end is something everyone can live with. The government has been at pains to explain that it wants to avoid regulating the industry to death, as it were, because that would be of no benefit to anyone. In this context, we're keeping a close watching brief on developments but at this point, we are relatively relaxed about the issue.

Another important issue for the government is the beneficiation of domestic raw materials in South Africa.

That is also understandable. After all, it hardly creates a lot of jobs if one merely digs out the mineral ores and exports them to India or China in their raw form. This consideration led to the plan to attract energy intensive industries to South Africa on the basis of our then comparatively inexpensive electricity. Clearly the landscape has changed dramatically in the last five years, with electricity tariffs experiencing a steep escalation. But coal is not a commodity that offers scope for elaborate beneficiation, unlike for instance iron ore or platinum.

So there's no reason for IchorCoal to be concerned?

I firmly believe that we will not get a regulatory environment that would really hinder us and prevent us from making money. Naturally, we will need to address future Eskom requirements for its suppliers to be majority black owned. The major challenge will be sourcing the necessary capital to achieve this objective. Foreign investors will only engage in new projects again when this issue is fully clarified. We are keeping track of the situation very closely and are prepared for all eventualities. And while on the subject of concerns, there's of course the live issue of the labor turmoil currently plaguing sections of the South African mining industry. It has had an extremely corrosive effect on labor relations in the country but thankfully receiving attention at the right levels, so hopefully we can move forward within a better industrial relations climate in the near future.

What is the role being played here by the cooperation with the Mbuyelo Group?

The Mbuyelo Group, and in particular Mbuyelo Coal, have been IchorCoal's strategic partners in South Africa from the outset. This is evidenced by the fact that we increased our equity ownership in Mbuyelo Coal last year from 30 to 45 percent. Mbuyelo Coal possesses highly promising properties such as Eloff mine, and our shareholders will also be profiting from the development of these assets in the near term.

IchorCoal is currently a company under Dutch law with offices in Berlin and its production sites as well as the majority of its Management Board located in South Africa – a complicated situation.

This state of affairs is of course due to the historical development of IchorCoal. Our company will certainly become more South African over the coming months. The first step in that direction is that we will be opening an office in Johannesburg very shortly. Everything else remains to be seen but at this point, our future looks exciting.

“The Key Performance Indicators have to be improved”

Andries Engelbrecht

Full steam ahead

With the commencement of workings in Block D and Portion 9, Vunene Mining's Usutu Colliery has already significantly increased production rates. The short-term forecast suggests sustainable ROM output of 200,000 tonnes per month. The new Chief Operating Officer Andries Engelbrecht is now optimising the processes involved, conducting preliminary work to gain access to the underground mine, and laying the foundations for the further expansion of IchorCoal in South Africa.

Two towering excavator-mounted drilling rigs are observed drilling blast holes to a depth of about ten metres in almost no time at all. The drill heads work their way through the ground with a deafening screech, emitting thick clouds of white dust. The operators then manoeuvre their heavy equipment about five metres further to place the next drill holes in a dead straight line. The next morning, the explosives are placed in the prepared chambers and the overburden is blasted in order to expose the sought after Usutu coal!

The Colliery has been producing coal from Block D and Portion 9 since August 2013. Final regulatory approvals for the opening of the two pits were granted end of second quarter 2013, whereupon preparations for full scale production commenced. Excavators, articulated dump trucks and various other specialised machines have been operating around the clock since then in this area of the mine, with the only respite from Sunday afternoon to Monday morning. In this way, the mine is able to produce in average 200,000 tonnes of coal per month.

"The two main pits of the opencast mine are well positioned to achieve optimal production rates," says Andries Engelbrecht, Chief Operating Officer (COO) of IchorCoal since January 2014 and therefore also responsible for the Usutu Colliery operation of Vunene Mining (Pty) Ltd. in which IchorCoal has an investment participation of 74 percent. Engelbrecht can look back on many years of professional experience. Prior to joining IchorCoal he was COO at Riversdale Mining Limited and responsible for all Africa-based projects and operations. He had previously held the positions of General Manager and Engineering Manager at Zululand Anthracite Colliery and various roles within the then Ingwe Coal Corporation (BHP Billiton South Africa) and the Richards Bay Coal Terminal. ▶

"The health and safety performance of Vunene has been commendable in the last year and we aim to improve upon an already superior standard as part of our overarching strategy towards achieving a zero harm status," Engelbrecht says. In addition; one of the main focus areas in the coming year will be to increase production efficiencies in line with the best in the industry. Key performance indicators will be established and managed on an ongoing basis. One of the challenges that will be faced in Block D, the main production driver, will be accessing the C lower seam through the previously mined C upper seam. The C upper seam was mined by underground means in the 1970's or 80's. As a result of a lack of accurate information regarding the position and size of the derelict C upper coal pillars, drilling and blasting the interburden between the B and C upper seams becomes an intricate operation often resulting in poorer than usual fragmentation. Coal pillars are easily distinguishable in the pit and the old board and pillar operation is well exposed and visible in the highwall. All these factors require a precise method of work and careful planning in order to ensure that production costs are maintained in line with expectation.

Vunene Mining's Usutu Colliery has had a long and lustrous history, with the first underground mining commencing in the 1960's. The Usutu reserve was previously exclusively mined by underground means through three distinctive shaft systems; the East, South and West Shafts. The East and South shafts were closed and rehabilitated many years ago. This leaves only the West shaft intact and ready for refurbishment in order to recommence with underground operations. In its heyday, Usutu Colliery mined approximately 450,000 tonnes per month in total making it one of the largest mines in South Africa at that time, and certainly the flagship of the then Trans Natal.

Usutu Colliery's coal went exclusively to the nearby Camden Power Station, one of the key strategic power plants belonging to South Africa's electricity giant Eskom; the conveyor belt still winds its way like a huge snake across the green meadows from the mine towards the massive cooling towers of the power station. The state-owned company was also the owner of the Usutu Colliery. In the early 90's, Eskom mothballed the Camden Power Station due to excess electricity production capacity in South Africa. As a consequence, production at Usutu Colliery also shut down and the existing West shaft and associated infrastructure was placed on care and maintenance ready to recommence operations should the need arise.

Due to economic development in South Africa and the associated increase in electricity demand, Eskom refurbished and restarted operations at the Camden Power Station. The power plant has a gigantic appetite for coal: around five million tonnes of coal is needed each year to feed the boilers running the eight generating units. The Usutu Colliery remained closed at first, of course, and it was only in 2009 that Vunene Mining, who had meanwhile acquired the mining rights, started opencast mining. The intention is to reopen the underground operation. Therefore the professed objective of Vunene Mining is to achieve an agreement with the former operators and owners of the mine as regards the purchase of existing plant, equipment, infrastructure and surface rights. Negotiations regarding historical environmental liabilities are also critical.

Vunene Mining (Pty) Ltd. has been carrying out care and maintenance activities, on behalf of Eskom for a number of years now. As a result Vunene has developed a sound knowledge base of the existing infrastructure, the geology and the long term opportunities for the mine. This puts Venene in an enviable position to take advantage of opportunities that exist in restarting the underground operations; this however, will only commence once all negotiations with the former operators and owners have been concluded and all necessary regulatory approvals have been obtained.

Negotiations and agreements relating to the unlocking of the underground must be completed and agreements reached as a matter of urgency. Andries Engelbrecht is optimistic that an agreement can be reached "because of mutual interests," as he points out. In 2015, refurbishment and eventually production could commence in the underground mine and, from 2016 onwards, gradually replace the ROM volumes from the opencast operations, where reserves will gradually start depleting. The reserves available for underground mining are estimated at 100 million tonnes. With a targeted monthly production of circa 200,000 tonnes, the underground mine can still be productive for more than 25 years and provide a reliable revenue base for Vunene Mining and therefore IchorCoal.

Currently, Vunene Mining provides slightly more than 100,000 tonnes of coal to the Camden Power Station, ▶

Excavator-mounted drilling assemblies prepare drill holes in a dead straight along the overburden of Portion 9 of the Vunene Mine. The next morning, explosives are placed in the prepared chambers and the overburden is blasted away to enable access to the B seam.

Work on the grounds of Portion D and Section 9 is technically quite demanding because the opencast mine lies partly over the old tunnels of the underground mine. This requires special care in the blasting operations and the removal of the overburden on the coal seam.

with the remaining 40 percent of production being exported. In the view of Andries Engelbrecht, this ratio is the right balance because it represents a risk adjustment for IchorCoal and offers the opportunity, for example, to protect the company against currency fluctuations through the revenues in US dollars. Nevertheless, Eskom, through the Camden Power Station, remains the most important customer.

Andries Engelbrecht is convinced that coal in South Africa has very positive future prospects in the medium to long term. Firstly, demand is rising alone because of the increasing demand for electricity in South Africa itself, and secondly, export prospects are positive: electricity demand is going up worldwide and will be met, at least in the coming decades, to a large extent by coal power plants. Moreover, South Africa has remarkable strategic advantages that provide the country and its coal producers with good sales opportunities on the international markets.

These include not only the large coal reserves, which can be extracted comparatively cheaply. In particular it is the well-developed infrastructure with its railway lines and connections to the world's largest loading facility for coal, the Richards Bay Coal Terminal on the Indian Ocean, that make South African coal competitive. "Rail transport costs in South Africa are significantly lower per ton/kilometre than in any other major coal-exporting country," as Engelbrecht explains. And the Transnet Freight Rail (TFR), the freight subsidiary of the state-owned transport company Transnet, is planning new connections to boost the transport capacity in the direction of Richards Bay from the current 71 million tonnes of coal per year to 91 million tonnes.

It is obvious that Andries Engelbrecht envisages interesting expansion opportunities for IchorCoal under these circumstances. A key role will be played by the Mbuyelo Group, the strategic partner of IchorCoal in South Africa, and Mbuyelo Coal, in which IchorCoal holds a 45-percent interest. With access to operations such as Eloff, Welgemeend and Vlakvarkfontein the partnership between IchorCoal and Mbuyelo is poised for rapid growth!

In addition, there are many small and micro-mines in South Africa that lack both capital and the necessary skills to bring their coal resources and reserves to economic viability. "The lack of these two components is currently the greatest obstacle to be overcome in order to further advance the mining industry in South Africa," Engelbrecht states.

The IchorCoal COO wants to ensure that his company can and will operate on a par with the world's largest corporations in terms of both hard and soft skills. He makes no bones about his ambition: he wants nothing less than "to ensure that IchorCoal and its subsidiaries, including Vunene Mining, are capacitated to operate at best in class levels." Needless to say, that means enhancing the efficiency of processes, reducing costs and optimising returns. But that's not all. "I want to guarantee our shareholders and stakeholders a company in which environmental regulations, safety standards, funding measures for social projects and staff development are given utmost priority," as Engelbrecht expresses the demand he is making on his work and that of his colleagues.

A first pointer in this direction was set by Vunene Mining in mid-February. All employees, whether they were permanently employed at Vunene or under contract from service providers, were invited to the launch of the newly instituted annual Wellness Day. The launch marked the start of a comprehensive, annual programme to assist staff in all aspect of everyday life under the motto "Vunene cares". This applies to primary and occupational health including Tuberculosis early detection and treatment regimes, HIV voluntary counselling and testing, hypertension, high blood pressure, etc. In addition, awareness in the areas of personal financial fitness and life skills are promoted.

At the same time, Engelbrecht formulated strict policies for IchorCoal and all its subsidiaries on HSEQC (Health, Safety, Environment, Quality and Community) performance standards. The requirement is unequivocal: "We at IchorCoal are committed to internationally recognised best-practice principles of sustainable development and continual improvement," as is stated in the self-commitment that is binding for everyone.

Mbuyelo Group – Strategic partner of IchorCoal

The Mbuyelo Group is IchorCoal's strategic partner in South Africa as well as the majority shareholder in Mbuyelo Coal. The advantages of the partnership are mutual: Mbuyelo Coal acquired access to much needed capital and IchorCoal partnered with a prominent black-owned coal mining company with superior resources and untapped potential.

The Mbuyelo Group was founded in 2006 by Rirhandzu Owner Siweya. Together with partners, he had previously acquired various mining rights under the Minerals and Petroleum Resources Development Act (MPRDA) of 2002. From this basis, Siweya developed a thriving group of companies within a short period of time, which predominantly operate in the resources and property sectors.

Siweya successfully consolidated the majority of Mbuyelo's mining rights in the subsidiary Mbuyelo Coal. IchorCoal successfully acquired a 45 percent stake in this company during the course of 2012 and 2013. Today, the Mbuyelo Group still holds 49 percent of Mbuyelo Coal, with the remaining six percent under ownership of external shareholders. It is above all the warm personal relationship enjoyed between Rirhandzu Owner Siweya and Lars Windhorst, the Supervisory Board Chairman of IchorCoal that has assisted in deepening the good mutual relations between the two companies. These relations are of enormous benefit to both companies: Mbuyelo acquired access to capital and, in the long run, to the global financial markets. IchorCoal has partnered with a prominent black-owned coal mining company with the potential to become one of the leading players in the South African coal industry.

Mbuyelo Coal possesses a number of highly attractive resources, reserves and operations with a combined resource base of around 600 million tonnes of coal. Arguably the most valuable mine, Eloff (Manungu Colliery), is situated approximately 60 kilometres east of Johannesburg and can draw upon reserves and resources totalling around 410 million tonnes. The mine is operated as an opencast mine and operations commenced in early 2014. The first coal production from this exciting resource is expected in the third quarter of 2014. The Manungu Colliery is very positive about securing a long term coal supply agreement with the electricity utility, Eskom, in the near future. Manungu is perfectly positioned to supply into the Kusile Power Station currently being constructed. Considering the resource base of Manungu, a life of mine in excess of 30 years is a real possibility. The mine is managed by Mbuyelo Coal and IchorCoal has a 45 percent stake therein.

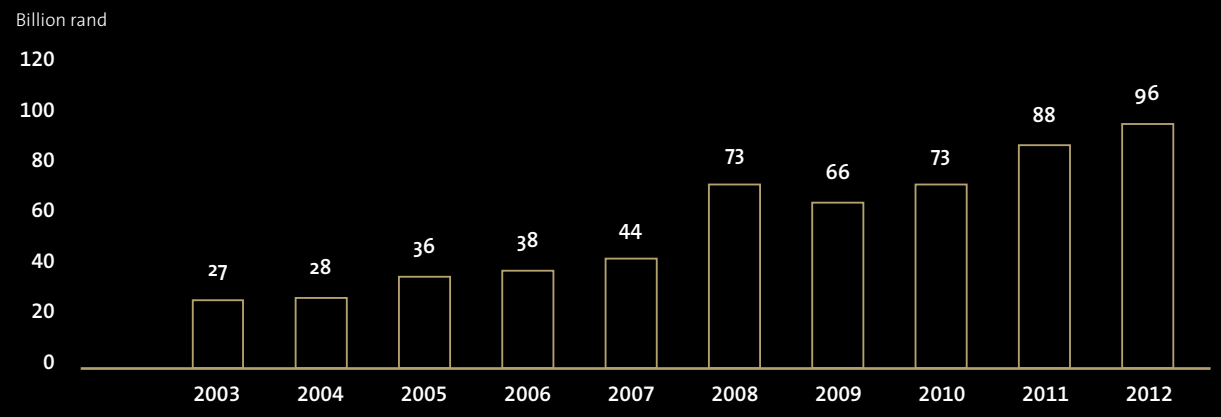
Mining at the nearby Vlakvarkfontain has been taking place since May 2010 at a rate of approximately 120,000 tonnes per month. An existing contract with Eskom provides for an annual supply of around 1.3 million tonnes of coal. The life of mine is currently estimated at six years. Vlakvarkfontein is managed by Continental Coal with IchorCoal having an effective 15 percent shareholding.

The Welstand Colliery was previously owned and operated by BHP under the name 'TNC'. Mbuyelo has already executed its mining right and production will initially start as opencast mining with a possible future expansion into underground mining. The coal resources are estimated to be around 45 million tonnes. IchorCoal has an effective 45 percent shareholding in Welstand.

Finally, the coal resources of the Welgemeend Colliery are assessed to be around 18 million tonnes. The mining right has been granted but not yet executed. Mining will be carried out in both opencast and underground operations and run of mine production is estimated at circa 1.2 million tonnes per annum. IchorCoal has an effective shareholding of 45 percent in Welgemeend.

This extensive project pipeline will ensure a balanced upside over the next couple of years and represents the basis for the cooperation between Mbuyelo Coal and IchorCoal.

Coal revenues in South Africa local and export



Local and Export Revenue
Source: DME, Macquarie Research, January 2014

Around

6%

Of South African exports derives from coal

Source: Macquarie First South Securities Research

Coal remains a driver of growth and development

The outlook for the global economy is predominantly positive at the moment. This will stabilise the prices for raw materials and therefore for coal as well. The domestic demand in South Africa and improved export prospects are presenting increasing sales opportunities. A key role is being played in this respect by the national railway company TFR.

The world economy has performed mainly well in 2013 and, in our view, will continue to do so in 2014 as well. In the developed countries, uneasiness in the wake of the finance and currency crisis is increasingly giving way to a growing optimism and a feared turnaround in interest rates is coming, if at all, only slowly. In China as well as in India, the economic dynamism has slowed in recent years, yet the economy in both countries is growing substantially.

Coal prices have stabilised after a sharp decline in 2011 and 2012; below the line, the price per ton of thermal coal in Richards Bay at the end of 2013 lay at around 83 US dollars per ton, which is only slightly below the level of 2012. We estimate that demand will increase over the coming years, especially in China and India. Like many of the newly industrialising countries, these two nations continue to have a rapidly growing demand for electricity, and this demand will chiefly be met by coal-fired power plants for a long time to come. The reason for this is that such plants are able to ensure a basic supply in the most cost-effective and reliable manner.

Therefore, analysts, for example at Macquarie Research, predict that the seaborne thermal coal demand, which was just over 860 million tonnes last year, will increase to more than 970 million tonnes by 2018. This demand is met by what is a rising supply from the major producing countries such as Indonesia, Australia and Colombia, but also from South Africa. According to our appraisal, prices will therefore rise moderately but steadily in the short to medium term for the Richards Bay spot market in the next five years.

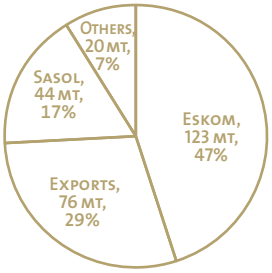
This opens up good growth opportunities, especially for South African coal. Coal production is of strategic importance for South Africa. The coalmines there employ almost 100,000 people and contribute three percent to the gross national product and six percent to export earnings. 92 percent of the national electricity supply is generated from coal and South Africa is the world's fifth largest coal exporter with a total of 77 million tonnes per year. Altogether, the country produced around 260 million tonnes of coal in 2012, which makes it the seventh largest coal producer in the world. At the moment, approximately 90 percent of the coal is extracted by five major corporations (BHPB, Glencore Xstrata, Sasol, Anglo, Exxaro), with the rest of production distributed among small-scale and micro-mines.

We assume that both the domestic demand for coal and the demand for export coal will increase during the next few years. For instance, the national electricity company Eskom is currently constructing two new power stations (Medupi and Kusile), which will contribute to increasing Eskom's consumption in the view of industry experts from its current 127 million tonnes per year to 156 million tonnes. The export quantity is seen as increasing over the next 15 years to just under 90 million tonnes.

Of crucial importance here – in addition to the discussion about limiting global CO_2 emissions – are the expansion plans of the state-owned railway company TFR. The transport giant is currently planning to expand in the coal-rich Waterberg region in the north of South Africa as well as ramp up transport capacity to the Richards Bay Coal Terminal from 71 million tonnes per year to 91 million tonnes. These plans could trigger a new wave of investment in the South African coal industry.

All in all, we see further confirmation of our assessment that coal will remain an attractive investment for many years to come. The electricity generated from coal will continue to be the basis for a growing world economy for a long time yet, and it is above all coal from South Africa that particularly stands to profit from this circumstance over the next few years.

Breakdown of South African thermal coal production – Sales by destination



Source: Keaton Energy, Macquarie Research, January 2014

Schools, kindergartens, small enterprises – help is needed in many places in and around Ermelo. Vunene has a fixed budget to support the local community and provides further practical help. This embraces coal for heating in winter.

Help is urgently needed

Those who invest in South Africa must become involved in the community and fund social welfare projects. IchorCoal and its subsidiary Vunene Mining take this obligation seriously. But one thing is sadly evident: the needs are always greater than the means available.

Cynthia Shabalala, the principal of the Ikusasa Lethu crèche, is desperate on this Monday morning. She has just heard from the health authorities in Ermelo that her nursery school, in which she looks after around three dozen 2- to 5-year-olds, does not meet regulations and has to be closed down. In particular the building, a former meeting room in the small settlement next to the Camden Power Station outside Ermelo, is in poor condition: toilets are needed, the doors and windows are a constant accident hazard, and the roof is leaking.

Problems like these are a daily routine for Rosemary Molefe, Human Resources Manager at Vunene Mining since October 2013 and responsible for the company's social projects. She manages a fixed budget that she draws up in order to meet the targets as set out by the Department of Mineral Resources. The funds are then distributed among various social projects. Through engagements with community structures, and the local municipality of Ermelo, the development initiatives are based on the requirements of the municipality. This activity is supplemented over and over again by ad-hoc applications in which Vunene intervenes to help where possible, even if this only involves a coal delivery to a school.

Help in setting themselves up

Vunene Mining sees its most important task in helping people and businesses in the local community. Therefore the company works closely with the Small Enterprises Development Agency, which assists the self-employed and young start-ups in setting themselves up. Vunene has sourced the services of local, black owned companies from the Ermelo community. Vunene will support the companies and train them in programmes such as financial and personnel management training. This is with the aim of developing sustainable Small Enterprises that will exist beyond the life of the mine.

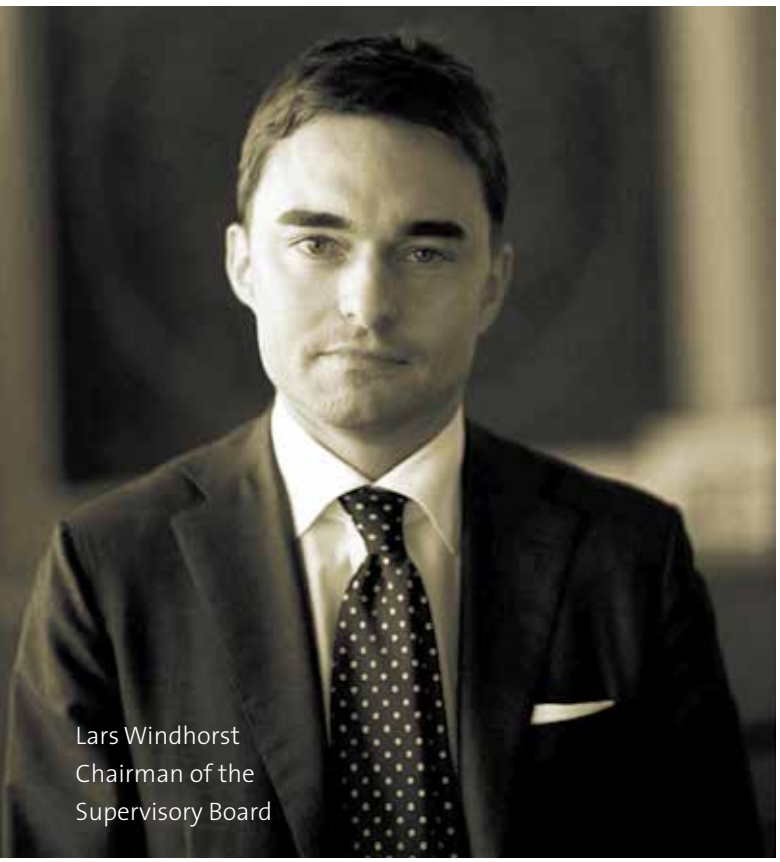
As in the case of Nometha trading, for instance. Annah Motlodi set up a small shop some time ago in which she sells handicrafts and also produces them herself. Her pride and joy is a fully automatic embroidery machine with which she can embroider emblems and logos on T-shirts, work suits or caps. This embroidery machine was funded by Vunene. The company utilises her services whereby she embroiders the logo on items such as PPE, and golf shirts. The service that Ms Motlodi offers expands beyond Vunene. She and her two employees are embroidering the title "Jesus is Lord" on bible covers made of synthetic leather, which she sells in the community.

The fruits of the help provided also find their way to Europe. With the support of Vunene, for example, Highveld Tourism Mpumalanga delivers examples of craftsmanship from the last Batwa Bushmen still living a traditional lifestyle all the way to Germany and Switzerland. The aim is to advertise and to attract the European tourists onto the Highveld Heritage Route, a fascinating tour around the tableland area surrounding Ermelo.

Last year, Vunene Mining lent a hand to the Camden Combined School. Thanks to funds provided by the mining company, the toilets were renovated and the school kitchen was fitted out with modern gas burners and a sink. The mining company also tiled the school kitchen. But director Sihlali Sipho already has the next problem that needs solving. He leads Rosemary Molefe into the classrooms, where up to 90 pupils are crowded together and often have to share a stool. "We urgently need a new building in which we can accommodate at least three classrooms – will you help?" he asks, almost imploringly. Of course Vunene will be stepping in here to help sooner rather than later. But first Vunene has to take care of the nursery. The crèche is desperately needed – many parents have no idea otherwise who could look after their little ones during the workdays.

Rosemary Molefe will find help, she will negotiate with the town authorities and she will organise things to make sure that the most essential work is done. Just like she always does.

Dear Shareholders,



Lars Windhorst
Chairman of the
Supervisory Board

2013 was a decisive year in the still young history of IchorCoal. During the course of the year, a decision was taken to narrow the focus of the strategy of our company. Up until then an integrated coal company, IchorCoal has now repositioned itself as a focused coal producer with investments in South Africa. As a direct consequence of this adjustment in strategy, we sold our majority stake in HMS Bergbau AG and our two Polish mining projects, Niwka Coal Production Sp. z o.o. and Pszczyna Coal Production Company Sp. z o.o. These divestures will ensure that we concentrate on our core business, which is mine development in South Africa. We are convinced that this will help us achieve our growth ambitions more rapidly than before. In the course of this strategy switch, major changes were made to both the Management Board and the Supervisory Board, which are detailed below.

An important step in the expansion of our investments in the South African coal mining industry was the increase of our participation in Mbuyelo Coal from 30 to 45 percent, which served to deepen our relationship with the Mbuyelo Group, our strategic partner in South Africa. To finance the increased equity ownership as well as fund the production ramp-up in Vunene Mining, we issued a EUR 40 million corporate bond and raised the share capital of our company by 10 percent from EUR 5 million to EUR 5.5 million. To this end IchorCoal issued 5 million new shares with a nominal value of EUR 0.1 for EUR 4 per share.

Cooperation with the Management Board

During the period under review, the Supervisory Board performed all of its obligations required by law, by the company's articles of association and by the company's bylaws. The Management Board informed us regularly, promptly and comprehensively about business policy and other fundamental issues related to corporate management and planning. Moreover, the Supervisory Board was kept informed about the financial position and development of the company, as well as transactions and events of significance for the company. We have advised the Management Board and monitored its management of the business – in particular the acquisitions made and the refinancing through the corporate bond issue and the equity capital increase. We were consulted on all decisions of fundamental importance. Important subjects and pending decisions were discussed in board meetings held at regular intervals.

During Supervisory Board meetings, the management informed us in detail and asked for our views regarding new investments, business policy, corporate strategy and planning, as well as important business transactions. Furthermore, the Supervisory Board had insight into the assets, earnings and financial position of the company at all times. The proposals and reports of the Management Board were carefully reviewed, discussed in detail and approved insofar as required by law, the company's articles of association and bylaws. In between meetings, the Management Board kept us informed in accordance with the bylaws by written or verbal reports about ongoing business developments, projects, and the assets, earnings and financial position of the company. In addition, the Chairman of the Supervisory Board and other members of the Supervisory Board maintained regular contact with the members of the Management Board.

Annual Audit and Consolidated Financial Statements

The auditing company selected by shareholders at the annual general meeting was Ernst & Young as it was for the year before. It has audited the annual financial statements and management report prepared by the Management Board of IchorCoal as at 31 December 2013 and has issued an unqualified audit certificate. The annual financial statements of IchorCoal and the audit reports from the auditors were submitted immediately upon completion to the Supervisory Board. These were discussed extensively at the Supervisory Board meeting on 27 March 2014. After careful review, no objections were raised and the Supervisory Board approved the annual financial statements of IchorCoal for the year ended 31 December 2013.

Changes in the Supervisory Board and/or Management Board

Dr. Lars Schernikau, member of the Supervisory Board since 29 December 2011, resigned as a member of the Supervisory Board with effect from 17 December 2013. Hans Hawinkels, who was appointed as a member of the Supervisory Board on 26 June 2012, resigned from the Supervisory Board with effect from 31 January 2014 and therefore after the end of the reporting period. In their place, Edwin Eichler and Remi Grosjean were appointed at an extraordinary general meeting held on 27 March 2014.

The appointment of Heinz Schernikau, Chief Executive Officer of IchorCoal since 2011, as member of the Management Board expired on 31 December 2013. Sebastian Giese was reappointed as member of the Management Board on 17 December 2013. Sebastian Giese has been serving as Chief Financial Officer of IchorCoal since 2011. At the extraordinary general meeting held on 27 March 2014, the following new members of the Management Board were appointed: Nonkululeko Nyembezi-Heita as Chief Executive Officer and Andries Engelbrecht as Chief Operating Officer. Nonkululeko Nyembezi-Heita spent the last six years as CEO of ArcelorMittal South Africa, before which she was the Chief Corporate Strategy Officer of the Vodacom Group in South Africa. She has been appointed as the Independent Non-Executive Chairman of the Johannesburg Stock Exchange with effect from May 2014. Andries Engelbrecht has 20 years experience in the mining industry and was most recently the Chief Operating Officer of Riversdale Mining Limited with responsibility for all Africa-based projects. Prior to that, he held the posts of General Manager and Engineering Manager at Zululand Anthracite Colliery. We are convinced that these executives, together with Chief Financial Officer Sebastian Giese, will establish IchorCoal within a short period of time as an important player in the South African mining industry.

On 31 May 2011 the Dutch Parliament adopted new legislation to amend the Dutch Civil Code in connection with the rules on management and supervision within public limited liability companies (N.V.). The Act on Management and Supervision came into force on 1 January 2013. IchorCoal's Supervisory Board did not meet the guidelines for gender diversity in 2013 but will pursue a policy to comply with the guidelines and continue to strive for an adequate and balanced composition of its Board in future appointments, by taking into account all relevant selection criteria, including but not limited to gender balance and executive experience.

In conclusion, on behalf of the Supervisory Board of IchorCoal, I would like to thank all of you for your continuing support. I am confident that the operational and financial performance of the company will improve significantly in 2014.

Berlin, 27 March 2014

For the Supervisory Board
Lars Windhorst

Annual Financial Statement

Report of the Management Board

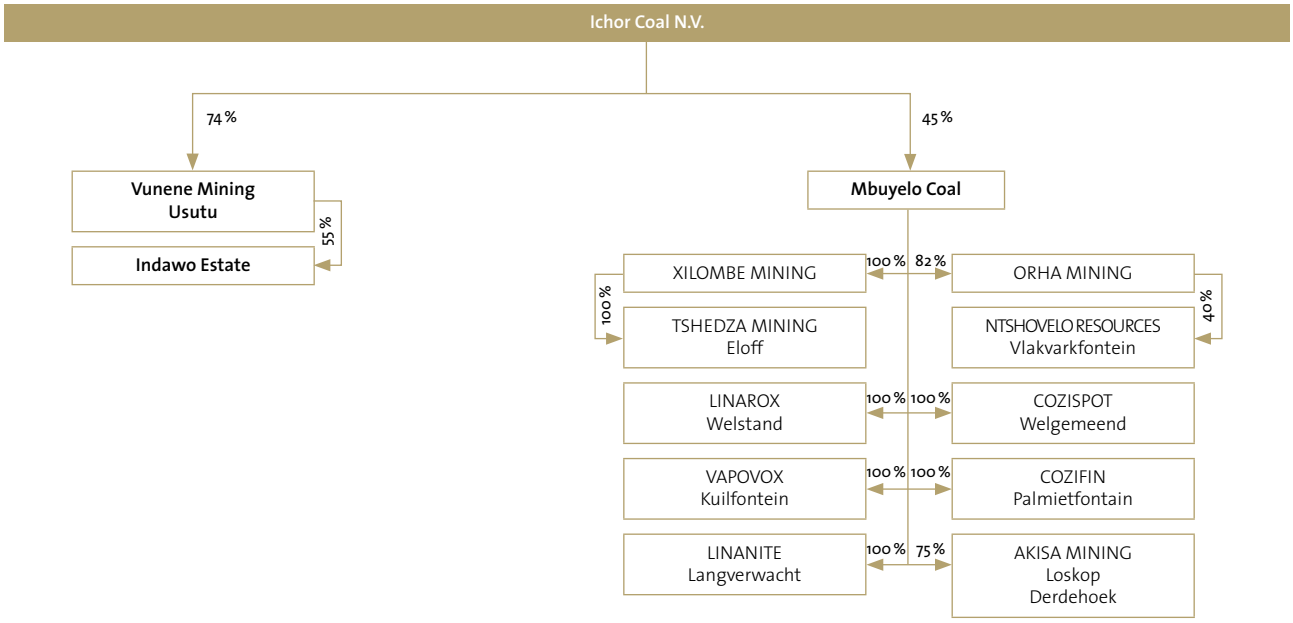
Group structure and activities

Ichor Coal N.V., the parent of the Group, is a public limited liability company incorporated in Amsterdam, the Netherlands. As of 31 December 2013, the company's shares are admitted for trading on the Open Market of the Berlin Stock Exchange, the High Risk Market of the Hamburg Stock Exchange and the Entry Standard of the Frankfurt Stock Exchange. During the financial year, Ichor Coal N.V. issued 5,000,000 new shares with a nominal value of EUR 0.10 each and which qualify for dividends effective 1 January 2013. As of 31 December 2013, the issued and paid in capital therefore amounted to EUR 5,500,000 compared to EUR 5,000,000 as at 31 December 2012. Consequently, the number of issued shares increased to 55,000,000 common shares, with a nominal value of EUR 0.10 each, as at 31 December 2013. The authorized capital amounted to EUR 25,000,000 and is divided into 250,000,000 shares, with a nominal value of EUR 0.10 each.

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

During the year, Ichor Coal N.V. successfully increased its shareholding in Mbuyelo Coal (Pty) Ltd. ("Mbuyelo Coal"), through a share capital increase as well as several share purchase transactions. In addition, the investment in Vunene Mining (Pty) Ltd. ("Vunene Mining") has been further developed. As a realignment of its strategy, Ichor Coal N.V. fully disposed of its investments in HMS Bergbau AG, HMS Niwka Coal Production Company Sp. z o.o. and Pszczyna Coal Production Company Sp. z o.o. IchorCoal N.V. is now focusing on coal production in Southern Africa.

As of year-end 2013, the company held interest in following active entities:



Financial review

Due to the consolidation of Vunene Mining for the entire financial year as well as the significant production development activities at Vunene Mining, comparability of the results of IchorCoal Group against 2012 has been materially affected. Furthermore, due to the sale of the investment in HMS Bergbau AG, its respective results are presented separately in discontinued operations, which further limits the comparability of the results of IchorCoal Group against previous year.

Analysis of consolidated statement of comprehensive income

Revenues

The revenues of the continued operations of IchorCoal Group reached EUR 24,865 thousand in the year ended 31 December 2013 (2012: EUR 13,268 thousand). The significant increase in revenues is mainly as a result of the inclusion of Vunene Mining entire year 2013 results.

Cost of purchased goods and services

Purchased goods and services of the continued operations of IchorCoal Group amounted to EUR 19,475 thousand (2012: EUR 7,484 thousand). Similar to revenues, the increase is mainly as a result of the full consolidation of Vunene Mining for the entire year.

Operating expenses

Payroll and related expenses amounted to EUR 3,557 thousand (2012: EUR 1,836 thousand). The increase is due to the full consolidation of Vunene Mining for the entire year. Furthermore, as at year end, the Group had 123 employees compared to 113 in 2012. The increase in headcount in turn is due to the extended mining activities at Vunene Mining and the installation of further management capacities.

Depreciation and impairment charges amounted to EUR 5,161 thousand (2012: EUR 2,360 thousand) and mainly include depreciation of equipment and mineral assets of Vunene Mining. Therein included are depreciation charges of EUR 884 thousand (2012: EUR 544 thousand) that have been recorded on mining rights and assets as well as customer relationships in relation to the purchase and development of Vunene Mining in 2012.

EBIT and EBITDA for the year

During the year, the Group's continued operations reported an EBIT of EUR -3,953 thousand and an EBITDA of EUR 1,208 thousand.

Financial expenses

In addition to the EUR 80 million Convertible Bonds, which has been issued in tranches throughout 2012, Ichor Coal N.V. issued EUR 35 million of up to EUR 40 million unsecured and unsubordinated Corporate Bonds in 2013. The bonds carry a fixed interest rate of 6.5% per annum and mature in June 2015. Consequently, financing costs have increased significantly in 2013 to EUR 12,516 thousand, compared to EUR 5,644 thousand in 2012.

Finance income has again been mainly driven by a revaluation gain on the conversion component of the Convertible Bond of EUR 4,941 thousand (2012: EUR 1,875 thousand).

Income taxes

Income tax benefit for the period of EUR 375 thousand (2012: expense of EUR 492 thousand) is a result of deferred income taxes.

Result for the year

The Group reported a loss after tax of EUR -10,272 thousand for the year ended 31 December 2013 (2012: EUR -3,300 thousand).

Analysis of consolidated balance sheet statement

Shareholder Equity

In August, Ichor Coal N.V. successfully completed a share capital increase. Through the issuance of 5,000,000 new shares for a consideration of EUR 4 per share, IchorCoal Group significantly increased its equity.

Shareholder's equity attributable to the owners of the parent as of 31 December 2013 amounts to EUR 17,890 thousand (2012: EUR 7,958 thousand). A detailed analysis of movements in equity during the year is presented in the "Consolidated Statement of Changes in Equity" in the Group financial statements.

The stand-alone financial statements as at 31 December 2013 report a positive net equity of EUR 17,007 thousand (2012: EUR 8,285 thousand) and a loss for the financial year of EUR 10,627 thousand (2012: EUR -6,406 thousand).

Intangible Assets

HMS Group sold its port operations in Kintap, South Kalimantan, Indonesia in June 2013. IchorCoal sold its investment in HMS Bergbau AG in December 2013 resulting in a decrease of intangible assets by EUR 13,368 thousand to EUR 3,988 thousand. In particular, the sale of the port operations resulted in a decrease of intangible assets of EUR 3,457 thousand through the disposal of usage rights. The sale of the investment in HMS Bergbau AG resulted in a decrease of intangible assets of EUR 7,721 thousand through the disposal of Goodwill of EUR 6,416 thousand, as well as of the previously recognized Brand Name of EUR 1,162 thousand.

Customer Relationship which had been recognized in the course of the acquisition of Vunene Mining has been further materialized in 2013 and as such depreciated by EUR 776 thousand. The remaining book value as of year-end amounts to EUR 3,627 thousand. Lastly, Exploration and Development assets of EUR 804 thousand, relating to the initial development of open cast mining activities, has been reclassified to fixed assets as the pits entered the production phase.

Property Plant and Equipment

Property plant and equipment increased during the year by EUR 10,213 thousand, mainly as a result of the production ramp up at Vunene Mining. Especially the opening of further open cast pits resulted in significant additions to the Mining Assets of EUR 11,282 thousand (net of depreciation). The increase was partly offset by the sale of the port operations

in Indonesia, which resulted in the disposal of Machinery and Equipment of EUR 688 thousand. Additionally, Mining Assets recorded as a result of the purchase of Vunene Mininig (Pty) Ltd., in 2012, were further depreciated by EUR 108 thousand, based on the ongoing operations.

Non-current Financial Assets

In November 2012, Ichor Coal N.V. subscribed for a 30 percent share increase in Mbyuelo Coal (Pty) Ltd., a South African based mining company holding nine different mining projects, for a consideration of EUR 17,950 thousand. In 2013, the shareholding in Mbuyelo Coal has been increased via a share capital increase that was fully subscribed by Ichor Coal N.V. for a consideration of EUR 21,152 thousand and meanwhile raising the shareholding to 38 percent. Subsequent to the subscription of the share capital increase, various share purchase transactions were concluded in 2013 for a total consideration of EUR 14,601 thousand, including transaction cost, raising the Ichor Coal N.V. shareholding in Mbuyelo Coal to the current level of slightly above 45 percent.

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 2013 amounted to EUR 14,875 thousand. The change can be analyzed as follows:

	31 Dec. 2013 EUR k	31 Dec. 2012 EUR k	Change EUR k
Inventories	1,848	469	1,379
Trade and other receivables	4,260	10,542	–6,282
Other current financial assets	13,095	1,033	12,062
Other assets	535	4,908	–4,373
Other provisions	–1,035	–1,118	83
Other current financial liabilities	–306	–4,291	3,985
Trade and other payables	–1,810	–9,388	7,578
Liabilities from income taxes	–245	–328	83
Other non-financial liabilities	–1,467	–2,083	616
	14,875	**-256**	**15,131**

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

Financing and Liquidity

In addition to the share capital increase, during the year, the company issued EUR 35 million of up to EUR 40 million unsecured and unsubordinated Corporate Bonds. The bonds will mature in June 2015 and carry a fixed interest rate of 6.5% per annum. The future liquidity and financial flexibility of the Group is provided through a combination of operational cash flows, its own current liquidity as well as access to financing facilities provided by financial institutions.

Financial risk management policy

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

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

Future research and development activities

The Group has not carried out any research and development activities during the year and does not expect, due to the nature of the business, any research and development activities in 2014.

Subsequent Events

On 14 March 2014, we received the second payment of EUR 3,018 thousand on the sale of the investment in HMS Bergbau AG in due time. No other events with significant influence to the financial position of IchorCoal Group which arose subsequent to the financial statement date, came to our attention.

Outlook

When Ichor Coal N.V. was founded in 2011, the company took over a significant shareholding in HMS Bergbau AG, an international coal trading house. The aim at the time was to develop and participate in the value chain from coal production and logistics to national and international trading. Although this has proved to be a successful strategy, it also turned out that the specific demands on a coal mining operation are far different from those of a coal marketing business. We have therefore realigned our strategy and are now focusing on coal mining entirely. Going forward, Ichor Coal N.V. will be concentrating exclusively on the expansion of coal production, mainly in Southern Africa. This emphasis will ensure a greater focus on a cost efficient production and a consistent development and growth of our current assets to generate attractive returns on our investments.

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

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

In 2014, we will continue the implementation of our strategy and we believe that the conditions to achieve our goals are positive. We expect that during the year, we will not only continue the integration and development of our assets, we also expect that the basis of our future growth, the resources and reserves that are accessible by the company will continue to increase both in size and classification through our geological and engineerical activities. As such, we expect significant value creation from mining and selling these resources.

Dutch Act on Management and Supervision

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

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

During 2013 the Company did not meet the above-mentioned gender balance but will do so upon its next extraordinary shareholder meeting on 27 March 2014. With the incoming management board members, the company will comply with the guidelines of the acts.

Compliance statement

The board of management hereby declares that, to the best of its knowledge the financial statements for the year ended 31 December 2013 give a true and fair view of the assets, liabilities, financial position and profits or losses of the Company, that this report gives a true and fair view of the position as per the reporting date as well as of the development and performance of the Company during the 2013 financial year and that the principal risks facing the Company have been described herein.

Forward-looking statements

This management board report includes forward-looking statements that reflect the current opinion of management with regard to future events. Any statement contained in this report reflecting or building upon intentions, assumptions, expectations, forecasts and underlying assumptions is a forward-looking statement. These statements are based upon plans, estimates and forecasts that are currently available to management. They therefore only refer to the point in time at which they were made. Forward-looking statements are naturally subject to risks and uncertainties, which could result in actual developments differing significantly from these forward-looking statements or events implied or expressed therein.

Management does not assume any responsibility for such statements and does not intend to update such statements in view of new information or future events.

Berlin, 27 March 2014

Nonkululeko Nyembezi-Heita	Andries Engelbrecht	Sebastian Giese
Chief Executive Officer	Chief Operating Officer	Chief Financial Officer

Consolidated Statement of Financial Position for the Year ended 31 December 2013

	Note	31 Dec. 2013 EUR k	31 Dec. 2012 EUR k
Assets			
Non-current assets			
Intangible assets	6.1	3,988	17,356
Property, plant and equipment	6.2	87,950	77,737
Investments accounted for using the equity method	6.3	53,733	17,903
Deferred tax assets	6.4	200	2,319
		145,871	115,315
Current assets			
Inventories	6.5	1,848	469
Trade and other receivables	6.6	4,260	10,542
Other current financial assets	6.7	13,095	1,033
Other assets	6.8	535	4,908
Cash and cash equivalents	6.9	9,335	17,165
		29,073	34,117
Total Assets		**174,944**	**149,432**
Equity and liabilities			
Equity			
Issued capital	6.10	5,500	5,000
Capital reserves	6.10	27,156	8,675
Accumulated retained earnings	6.10	–4,083	–451
Profit or loss for the year	6.10	–9,269	–3,632
Accumulated other comprehensive income	6.10	–1,414	–1,635
Equity attributable to owners of the parent		17,890	7,957
Non-controlling interest	6.10	15,046	16,458
		32,936	24,415
Non-current liabilities			
Provisions for pensions	6.11	0	6,020
Other provisions	6.12	3,640	1,147
Interest-bearing loans and borrowings	6.13	110,246	77,084
Other non-current financial liabilities	6.14	1,251	803
Deferred tax liabilities	6.4	21,083	21,830
		136,220	106,884
Current liabilities			
Other provisions	6.12	1,035	1,118
Interest-bearing loans and borrowings	6.13	925	925
Other current financial liabilities	6.14	306	4,291
Trade and other payables	6.15	1,810	9,388
Liabilities from income taxes		245	328
Other liabilities	6.16	1,467	2,083
		5,788	18,133
Total liabilities		142,008	125,017
Total equity and liabilities		**174,944**	**149,432**

The accompanying notes form part of these financial statements.

Consolidated Statement of Comprehensive Income for the Year ended 31 December 2013

	Note	1 Jan. - 31 Dec. 2013 EUR k	1 Jan. - 31 Dec. 2012 EUR k
Revenue	7.1	24,865	13,268
Other operating income	7.2	2,984	4,376
Changes in inventories	7.3	1,624	0
Purchased goods and services	7.3	–19,475	–7,484
Personnel expenses	7.4	–3,557	–1,836
Depreciation, amortization and impairments	7.5	–5,161	–2,360
Other operating expenses	7.6	–6,034	–3,397
Finance costs	7.7	–12,516	–5,644
Finance income	7.7	5,145	2,359
Income from investments	7.8	801	395
Profit or loss before income taxes		–11,324	–323
Income taxes	7.9	375	–492
Profit or loss from continued operations		**–10,949**	**–815**
Profit or loss after tax from discontinued operations	2.1	677	–2,485
Profit or loss for the year		**–10,272**	**–3,300**
Other comprehensive income			
Items that can be reclassified to profit or loss			
Differences from currency translation	7.11	–1,092	–549
Other comprehensive income from continued operations		**–1,092**	**–549**
Other comprehensive income from discontinued operations		922	–898
Other comprehensive income after income taxes		**–170**	**–1,447**
Total comprehensive income		**–10,442**	**–4,747**
Profit or loss attributable to:			
Owners of the parent		–9,269	–3,632
Non-controlling interest		–1,003	332
		–10,272	–3,300
Total comprehensive income attributable to:			
Owners of the parent		–9,177	–5,225
Non-controlling interest		–1,265	478
		–10,442	–4,747
Earnings/ Diluted earnings per share from continued operations in EUR	7.10	–0,20	–0,02
Earnings/ Diluted earnings per share from total operations in EUR		–0,18	–0,07

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity for the Year ended 31 December 2013

	Note	Issued capital		
		Ordinary shares	Capital reserves	Accumulated retained earnings
		EUR k	EUR k	EUR k
1 Jan. 2013	6.10	**5,000**	**8,675**	**–451**
Appropriation of prior year results	6.10	0	0	–3,632
Profit or loss for the period	6.10	0	0	0
Other comprehensive income	6.10	0	0	0
Total comprehensive income		**0**	**0**	**0**
Share capital increase	6.10	500	18,849	0
Purchase of shares in subsidiaries	6.10	0	–368	0
Change in consolidated companies		0	0	0
		500	18,481	0
31 Dec. 2013	6.10	**5,500**	**27,156**	**–4,083**

The accompanying notes form part of these financial statements.

Equity attributable to owners of the parent							
	Profit or loss for the period		Accumulated other comprehensive income			Non-controlling interest		
Continued operations	Discontinued operations	Continued operations	Discontinued operations	Total	Continued operations	Discontinued operations	Total equity
EUR k	EUR k	EUR k	EUR k	EUR k	EUR k	EUR k	EUR k
–1,127	**–2,505**	**–608**	**–1,027**	**7,957**	**16,119**	**339**	**24,415**
1,127	2,505	0	0	0	0	0	0
–10,162	893	0	0	–9,269	–787	–216	–10,272
0	0	–806	899	93	–286	23	–170
–10,162	**893**	**–806**	**899**	**–9,176**	**–1,073**	**–193**	**–10,442**
0	0	0	0	19,349			19,349
0	0	0	0	–368	0	–176	–544
0	0	0	128	128	0	30	158
0	0	0	128	19,109	0	–146	18,963
–10,162	**893**	**–1,414**	**0**	**17,890**	**15,046**	**0**	**32,936**

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

	Note	Issued capital		
		Ordinary shares	Capital reserves	Accumulated retained earnings
		EUR k	EUR k	EUR k
1 Jan. 2012	6.10	**5,000**	**9,953**	**0**
Appropriation of prior year results	6.10	0	0	–451
Profit or loss for the period	6.10	0	0	0
Other comprehensive income	6.10	0	0	0
Total comprehensive income		**0**	**0**	**0**
Purchase of shares in subsidiaries	6.10	0	–1,362	0
Purchase of treasury shares	6.10	–168	–5,621	0
Reissuance of treasury shares	6.10	168	5,705	0
Acquisition of Vunene Mining Group	6.10	0	0	0
Disposal of HMS Oil & Gas	6.10	0	0	0
		0	–1,278	0
31 Dec. 2012	6.10	**5,000**	**8,675**	**–451**

The accompanying notes form part of these financial statements.

Equity attributable to owners of the parent							
	Profit or loss for the period		Accumulated other comprehensive income			Non-controlling interest	
Continued operations	Discontinued operations	Continued operations	Discontinued operations	Total	Continued operations	Discontinued operations	Total equity
EUR k	EUR k	EUR k	EUR k	EUR k	EUR k	EUR k	EUR k
–451	**0**	**0**	**–42**	**14,460**	**0**	**583**	**15,043**
451	0	0	0	0	0	0	0
–1,127	–2,505	0	0	–3,632	313	19	–3,300
0	0	–608	–985	–1,593	54	91	–1,448
–1,127	**–2,505**	**–608**	**–985**	**–5,225**	**367**	**110**	**–4,748**
0	0	0	0	–1,362	0	–307	–1,669
0	0	0	0	–5,789	0	0	–5,789
0	0	0	0	5,873	0	0	5,873
0	0	0	0	0	15,752	0	15,752
0	0	0	0	0	0	–47	–47
0	0	0	0	–1,278	15,752	–354	14,120
–1,127	**–2,505**	**–608**	**–1,027**	**7,957**	**16,119**	**339**	**24,415**

Consolidated statement of Cash Flow for the year ended 31 December 2013

	Note	31 Dec. 2013 EUR k	31 Dec. 2012 EUR k
Profit or loss for the year		**–10,272**	**–3,300**
from continued operations		–10,949	–815
from discontinued operations		677	–2,485
Reconciliation of profit or loss to the cash flow from operating activities:			
Depreciation, amortization and impairments	7.5	6,423	4,219
Profit or loss from investments in associates	7.8	–77	–4,337
Gain on disposal of consolidated subsidiaries	2.1	–7,122	0
Gain on conversion component of Convertible Bonds	7.7	–4,941	–1,874
Effective interest on Convertible and Corporate Bonds	7.7	4,502	1,704
Changes due to foreign currency changes	7.11	–100	–284
Other non-cash items		–1,356	–82
Changes in deferred taxes	6.4	858	–1,277
Changes in inventories	6.5	–1,674	–609
Changes in trade and other receivables	6.6	–3,056	–4,841
Changes in trade and other payables	6.15	1,177	577
Changes in provisions	6.11 / 6.12	2,994	1,406
Changes in other financial assets and liabilities	6.7 / 6.14	–13,283	820
Changes in other assets and liabilities	6.8 / 6.16	4,028	–5,191
Changes due to changes in consolidated entities	2.1	15,571	0
Cash flow from operating activities		**–6,328**	**–13,069**
Proceeds from disposals of intangible assets and property, plant and equipment	6.1 / 6.2	3,943	0
Cash-outflow (proceeds) from disposals of consolidated subsidiaries, less cash given up in the exchange	2.1	–562	48
Purchases of intangible assets and property, plant and equipment	6.1 / 6.2	–16,443	–2,063
Purchases of shares in consolidated subsidiaries, less cash acquired		–2,038	–32,923
Purchases of investments in associates and other non-current financial assets	6.3	–35,753	–14,159
Exploration expenditure	6.1	–85	–696
Cash flow from investing activities		**–50,938**	**–49,793**
Proceeds from share capital increase	6.10	20,000	0
Transaction cost of share capital increase	6.10	–900	0
Purchase of shares	6.10	0	–1,362
Purchase of treasury shares	6.10	0	–5,789
Reissuance of treasury shares	6.10	0	5,873
Proceeds from interest-bearing loans and borrowings received	6.13	2,770	12,500
Repayments of interest-bearing loans and borrowings received	6.13	–2,424	–12,500
Cash-inflow from interest-bearing loans and borrowings given	6.13	4,190	0
Cash-outflow from interest-bearing loans and borrowings given	6.13	–4,100	–1,500
Proceeds from Bond issuance	6.13	35,000	80,000
Transaction cost Bond issuance	6.13	–1,400	–4,000
Cash flow from financing activities		**53,136**	**73,222**

	Note	31 Dec. 2013 EUR k	31 Dec. 2012 EUR k
Cash flow-related changes in cash and cash equivalents		**–4,130**	**10,360**
Changes in cash and cash equivalents due to exchange rates	7.11	–120	205
Changes in cash and cash equivalents due to changes in companies included in consolidation		–3,580	2,165
Cash and cash equivalents at beginning of period	6.9	17,165	4,435
Cash and cash equivalents at end of period	6.9	**9,335**	**17,165**
Cash flows contained in the cash flow from operating activities:			
Interest paid		7,548	2,833
Interest received		204	157
Income taxes paid		4	122

The accompanying notes form part of these financial statements.

Notes to the Consolidated Financial Statements

1. GENERAL INFORMATION

1.1 Corporate Information

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

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

The consolidated financial statements of Ichor Coal N.V. for the year ended 31 December 2013 were authorised for issue in accordance with a resolution of the directors on 27 March 2014.

1.2 Basis of Preparation

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

The financial year of the Group and all companies included in the consolidated financial statements corresponds to the calendar year, i.e. from 1 January to 31 December, except for the financial year of the associate Mbuyelo Coal (Pty) Ltd. and its subsidiaries and associates, which ends on February 28. The consolidated financial statements comprise the period from 1 January 2013 until 31 December 2013. The comparability of financial information to prior year financial information is limited, due to the full consolidation of Vunene Mining (Pty) Ltd. for the entire financial year 2013, compared to 6 months in 2012 since the majority acquisition in July 2012. Furthermore, besides several increases in the participation during 2013, the current consolidated financial statements include the at-equity results of Mbuyelo Coal (Pty) Ltd. for the entire financial year, compared to only one month in 2012, following the acquisition of the participation in December 2012. Due to the sale of all shares in HMS Bergbau AG in late December 2013, HMS Bergbau AG and its subsidiaries remain fully consolidated for the period from 1 January 2013 until 27 December 2013 and are presented in results from discontinued operations.

The Group's consolidated financial statements are presented in Euro, which is also the parent company's functional currency. All figures are stated in thousands of Euro (EUR thousand or EUR 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 Nature of Expense Method.

1.3 Basis of consolidation

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

The annual financial statements of the consolidated subsidiaries were prepared on 31 December 2013, the same balance sheet date as the parent company. The associates have a 28 February accounting year-end. Disclosures of financial information and the Group's share in profits has been derived from interim financial statements ending 31 December. The annual financial statements of the foreign subsidiaries and associates were prepared in accordance with the applicable laws of each country. Where necessary, the statutory financial statements of the subsidiaries and associates where adjusted to bring their accounting policies and financial reporting standards in line with the Group accounting policies and financial reporting standards. The consolidated financial statements were prepared on the balance sheet date of the parent company.

Subsidiaries

Subsidiaries are entities in which Ichor Coal N.V. is able to control, directly or indirectly, the financial and operating policies so as to obtain benefits from its activities. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases.

Profit or loss of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of the acquisition and up to the effective date of the disposal, as applicable.

Total comprehensive loss of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this would result in a deficit balance of the non-controlling interests.

Associates

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

Changes in Ownership

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

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

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

1.4 Companies included in the consolidated financial statements

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

Company	Country of incorporation	31 Dec. 2013 Share-holding in %	31 Dec. 2012 Share-holding in %
Ichor Coal N.V.	Netherlands		
Subsidiaries			
Vunene Mining (Pty) Ltd.	South Africa	74.00	74.00
Buena Vista Trade 69 (Pty) Ltd.	South Africa	74.00	74.00
Indawo Estates (Pty) Ltd.	South Africa	40.70	40.70
HMS Bergbau AG	Germany	0.00	94.77
PT. HMS Bergbau Indonesia	Indonesia	0.00	94.77
HMS Niwka Coal Production Company Sp. z o.o.	Poland	0.00	100.00
HMS Bergbau AG Coal Division	Germany	0.00	94.77
HMS Bergbau AG Iron Ore & Metals Division	Germany	0.00	94.77
HMS Bergbau Singapore Pte. Ltd.	Singapore	0.00	94.77
HMS Bergbau Africa (Pty) Ltd.	South Africa	0.00	94.77
Associates			
Mbuyelo Coal (Pty) Ltd.	South Africa	45.16	30.00
Akisa Mining Resources (Pty) Ltd.	South Africa	33.87	22.50
Xilombe Mining (Pty) Ltd.	South Africa	45.16	30.00
Thsedza Mining (Pty) Ltd.	South Africa	45.16	15.00
Orha Mining Resources (Pty) Ltd.	South Africa	37.03	24.60
Ntshovelo Resources (Pty) Ltd.	South Africa	14.81	9.84
Linanite (Pty) Ltd.	South Africa	45.16	30.00
Cozifin (Pty) Ltd.	South Africa	45.16	30.00
Vapovox (Pty) Ltd.	South Africa	45.16	30.00
Cozispot (Pty) Ltd.	South Africa	45.16	30.00
Linarox (Pty) Ltd.	South Africa	45.16	30.00

During the financial year, the shareholding of Ichor Coal N.V. in its subsidiary HMS Bergbau AG has been increased from 94.77% to 97.48%. As a consequence of a strategic realignment, Ichor Coal N.V. divested all shares in HMS Bergbau AG as of 27 December 2013.

Likewise as a consequence of the strategic future concentration on the expansion of coal production in South Africa, Ichor Coal N.V. increased its investment in Mbuyelo Coal (Pty) Ltd. during the financial year to 45.16%. The increase was achieved in several stages.

On 3 May 2013, Ichor Coal N.V. fully subscribed to an equity increase of Mbuyelo Coal (Pty) Ltd. for a total consideration of EUR 21,152 thousand, thereby raising its investment to 37.64%. In addition, Ichor Coal N.V. has signed various agreements with minority shareholders and a majority shareholder in Mbuyelo Coal (Pty) Ltd. pertaining to the transfer of an additional 7.52% of the shares in Mbuyelo Coal (Pty) Ltd.

2. BUSINESS COMBINATIONS

2.1 Disposals

HMS Bergbau AG / HMS Niwka Coal Production Company Sp. z o.o. / Pszczyna Coal Production Company Sp. z o.o.

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

	1 Jan. - 31 Dec. 2013 EUR k	1 Jan. - 31 Dec. 2012 EUR k
Revenue	110,731	89,756
Gross margin	2,977	3,483
Other income & expenses	–7,419	–6,527
Profit or loss before income taxes	**–4,442**	**–3,044**
Income taxes	–1,279	559
Profit or loss after tax	**–5,721**	**–2,485**
Gain on sale of discontinued operations	6,398	0
Profit or loss from discontinued operations	**677**	**–2,485**
Earnings per share from discontinued operations in EUR	**0.02**	**–0.05**

The EBIT of HMS Bergbau AG subgroup for 2013 amounted to EUR -4,169 thousand (2012: EUR 170 thousand).

The contribution received for the investment in HMS Bergbau AG of EUR 13,791 thousand exceeded the net book value of the subgroups assets and liabilities resulting in a gain on sale of EUR 6,398 thousand.

	31 Dec. 2013 EUR k	31 Dec. 2012 EUR k
Cash flow from operating activities	–1,552	–6,024
Cash flow from investing activities	3,951	1,470
Cash flow from financing activities	0	1,497
Cash flow-related changes in cash and cash equivalents	**2,399**	**–3,057**

During the year, HMS Bergbau AG group generated a negative operating cash flow of EUR 1,552 thousand. Due to the sale of the Indonesian port operations in June 2013, the investment cash flow amounted to EUR 3,951 thousand. The financing cash flow for the year was nil.

Due to the early development stage of the HMS Niwka Coal Production Company Sp. z o.o. project, the company has not generated revenues. The net loss after tax of HMS Niwka Coal Production Company Sp. z o.o. for the financial year prior to disposal amounts to EUR 89 thousand (2012: EUR 30 thousand) and is fully included in the Group result. HMS Niwka Coal Production Company Sp. z o.o. has been pursuing the issuance of a mining licence in Poland.

The contribution received for the investment in HMS Niwka Coal Production Company Sp. z o.o. of EUR 1,300 thousand exceeded the net book value of the entities assets and liabilities resulting in a gain on sale of EUR 724 thousand.

Pszczyna Coal Production Company Sp. z o.o. has been founded in late 2013 and consequently has not generated any revenues nor expenses during 2013.

Of the total combined contribution of EUR 15,091 thousand, EUR 3,018 thousand have been paid before year- end and EUR 12,073 thousand will be payable during 2014.

3. ACCOUNTING POLICIES

3.1 Foreign currency translation

Transactions in foreign currencies

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

Translation of separate financial statements denominated in foreign currency

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

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

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

1 EUR in foreign currency	Average exchange rate	Exchange rate at balance sheet date	
	2013	31 Dec. 2013	31 Dec. 2012
US Dollar	1.33	1.38	1.32
Polish Zloty	4.19	4.15	4.07
Singapore Dollar	1.66	1.75	1.62
Indonesian Rupiah	13,820.19	16,787.80	12,702.70
South African Rand	12.84	14.44	11.20

3.2 Business combinations and goodwill

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

Acquisition-related costs are expensed as incurred and included in administrative expenses.

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

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

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

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for any existing onwnership of Ichor Coal N.V. 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 capitalized and carried forward as an asset if:

- such costs are expected to be recouped in full through successful development and exploration of the area of interest or alternatively, by its sale; or
- it is planned to continue with active and significant operations in relation to the area, or at the reporting period end, the activity has not reached a stage which permits a reasonable assessment of the existence of commercially recoverable reserves.

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

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

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

3.4 Mine development assets

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

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

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

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

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

3.5 Mine assets

Mine assets including capitalized exploration and evaluation expenditures and capitalized mine development expenditure are stated at cost less accumulated depreciation and less accumulated impairment losses. Upon commencement of production, the mine assets are depreciated using a unit of production method based on the estimated economi-

cally recoverable reserves to which they relate or are written off if the property is abandoned. The net carrying amounts of capitalized exploration and evaluation expenditures and capitalized mine development expenditure at each mine property are reviewed for impairment either individually or at the cash-generating unit level when events and changes in circumstances indicate that the carrying amount of the assets potentially exceed their recoverable amounts. To the extent that these values exceed their recoverable amounts, that excess is fully charged against profit or loss in the financial year in which this is determined.

3.6 Property, plant and equipment

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

Property, plant, and equipment is depreciated on a straight-line basis over the estimated useful live. Where parts of an asset have different useful lives, depreciation is calculated on each separate part. The asset's residual values, useful lives and methods of depreciation/amortization are reviewed at each reporting period, and adjusted prospectively if appropriate.For purposes of depreciation, the following useful lives are applied:

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

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

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

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

3.7 Intangible assets

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

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

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

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

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

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

3.8 Impairment of non-financial assets

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

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

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

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

3.9 Financial assets

Initial recognition and measurement

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

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

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

The Group's financial assets include cash and short term deposits, 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.

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

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

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

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

Loans and receivables

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

Held-to-maturity investments

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

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

Available-for-sale financial investments

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

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

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

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

The Group has no available-for-sale financial investments.

Derivative financial instruments

A derivative is a financial instrument that changes its value in accordance to the underlying variables. The Group's risk management policy allows the use of derivatives to control its exposure to fluctuations in foreign exchange rates, interest rates and commodity price rates. As of the financial year-end, the Group uses a commodity option contract to secure its coal price risk. This contract is not accounted for as a designated hedge under IAS 39. It is initially recognised at fair value and subsequently remeasured at fair value. Any gain or loss arising from the changes in fair value are recorded in profit or loss.

De-recognition

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

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

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

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

3.10 Financial liabilities

Initial recognition and measurement

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

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

Subsequent measurement

Financial liabilities at fair value through profit or loss

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

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

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

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

Loans and borrowings

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

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

De-recognition

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

3.11 Inventories

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

3.12 Leasing

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

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

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

3.13 Cash and cash equivalents

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

3.14 Share Capital

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

3.15 Convertible Bond

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

On issuance of the convertible bonds, the fair value of the conversion component is determined using a option price model. This amount is classified as a financial liability measured at fair value. The carrying amount of the conversion

component is remeasured in subsequent years and recorded at fair value through profit and loss until it is extinguished on conversion or redemption.

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

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

3.16 Provisions

Pension provision

The Group operated a defined benefit pension plan for a management board member of HMS Bergbau AG. The pension obligation is hold by HMS Bergbau AG, as such the provision for the pension obligation was included in the disposal of the investment.

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

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding net interest (not applicable to the Group) and the return on plan assets (excluding net interest), are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- the date of the plan amendment or curtailment, and
- the date that the Group recognises restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation in consolidated statement of profit or loss:

- service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
- net interest expense or income

The following parameters were applied in the fiscal year ending 31 December 2013:

Information in %	**31 Dec. 2013**	**31 Dec. 2012**
Discount rate	3.5	3.5
Pension trend	2.0	2.0
Compensation trend	0.0	0.0

Rehabilitation provisions

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

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

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

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

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

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

Other provisions

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

3.17 Taxes

Current Taxes

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

Deferred taxes

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

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

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

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

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

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

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

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

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

3.18 Revenue recognition

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

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

3.19 Stripping cost

As part of its mining operations, the Group incurs stripping (waste removal) costs both during the development phase and production phase of its operations. Stripping costs incurred in the development phase of a mine are capitalized as set out in Section 3.4 Mine development assets. For the accounting of stripping cost during the production phase of a mine, the Interpretations Committee issued IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine (IFRIC 20), effective 1 January 2013. This interpretation focuses on how to account for the costs of waste removal activity that are incurred in the production phase of a surface mine and addresses the accounting for the benefit from the stripping activity. It is effective for fiscal years beginning on or after 1 January 2013.

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

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

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

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

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

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

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

3.20 Borrowing cost

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

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

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

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 amortization charges in profit or loss may change where such charges are determined using the units of production method, or where the useful life of the related assets change.
- Provisions for rehabilitation and environmental provisions may change where changes to the reserve estimates affect expectations about when such activities will occur and the associated cost of these activities.
- Contingent liabilties may change were the level of future obligations and economic outflows are based on reserve estimates.

4.2 Exploration and evaluation expenditures

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

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 either its physical life and the present assessment of economically recoverable reserves to which the asset is related. This requires the use of estimates and assumptions, including the amount of recoverable reserves and estimates of future capital expenditure.

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 adversaly 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 realizable value tests are performed at each reporting date and represent the estimated future sales price of the run-of-mine (ROM) coal the entity expects to realise when the ROM coal is processed and sold, less estimated costs to bring the the ROM coal to sale.

4.8 Fair value hierarchy

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

4.9 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.

5. NEW AND AMENDED STANDARDS AND INTERPRETATIONS

5.1 Changes in accounting policies and interpretations

The Group applied, for the first time in 2013, certain standards and amendments.

IFRS 7 Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities

The amendments require disclosure about rights to set-off and related arrangements (e.g., collateral agreements). These disclosures are required for all recognized financial instruments that are set off in accordance with IAS 32. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with IAS 32. As the Group is not setting off financial instruments in accordance with IAS 32 and does not have relevant offsetting arrangements, the amendment does not have an impact on the Group's current disclosures.

IFRS 13 Fair Value Measurement

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when fair value is required to be used, but rather provides guidance on how to measure fair value under IFRS. IFRS 13 defined fair value as an exit price; the price that would be received to sell an asset or paid to transfer a liability. As a result of the guidance in IFRS 13, the Group re-assessed its policies for measuring fair values, in particular, its valuation inputs such as non-performance risk for fair value measurement of liabilities. IFRS 13 also requires additional disclosures. Application of IFRS 13 has not materially impacted the fair value measurements of the Group. Additional disclosures where required, are provided in the individual notes relating to the assets and liabilities whose fair values were determined.

IAS 1 Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income

The amendment introduces a grouping of items presented in other comprehensive income. Items that will be reclassified ('recycled') to profit or loss at a future point in time have to be presented separately from items that will not be reclassified.

Revised IAS 19 Employee Benefits

IAS 19R includes a number of amendments to the accounting for defined benefit plans. Actuarial gains and losses are now recognised in other comprehensive income and permanently excluded from profit and loss. Expected returns on plan assets are no longer recognised in profit or loss. Instead, there is a requirement to recognise interest on the net defined benefit liability (asset) in profit or loss, calculated using the discount rate used to measure the defined benefit obligation. Unvested past service costs are now recognised in profit or loss at the earlier of when the amendment occurs or when the related restructuring or termination costs are recognised. Other amendments include new disclosures, such as, quantitative sensitivity disclosures. Application of revised IAS 19 has not impacted the Group, as the benefit obligation of the Group has been included in the disposal of the investment in HMS Bergbau AG and as such is presented in discontinued operations.

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

IFRIC 20 applies to waste removal (stripping) costs incurred in surface mining activity, during the production phase of the mine. The Interpretation clarifies when production stripping should lead to the recognition of an asset and how that asset should be measured, both initially and in subsequent periods.

Differences

IFRIC 20 specifically requires the accurate identification of the components of the coal body that is made more accessible by the stripping activity and provides further guidance on the identification. The second difference relates to the way in which the stripping activity asset(s) are depreciated. IFRIC 20 requires that any stripping activity asset(s) is to be depreciated over the expected useful life of the identified component of the coal body that has been made more accessible by the activity and does not allow anymore depreciation over the entire life of mine.

Transition

IFRIC 20 is applied prospectively to production stripping costs incurred on or after the beginning of the earliest period presented, which is 1 January 2012 for the Group. Any previously recognised asset balance(s) that resulted from stripping activity undertaken during the production phase (predecessor stripping asset) would be required to be reclassified as a part of an existing asset to which the stripping activity related, to the extent that there remains an identifiable component of the coal body with which the predecessor stripping asset could be associated. Such balances are then depreciated over the remaining expected useful life of the identified component of the coal body to which each predecessor stripping asset balance related.

The Group's only surface mining operation, Vunene Mining's Usutu Colliery, had not previously accounted for production stripping costs and had not recognised a stripping asset. Therefore, the Group determined that the prospective application of IFRIC 20 has no effects on the consolidated financial position and financial performance.

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 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 10 Consolidated Financial Statements

IFRS 10 establishes a single control model that applies to all entities including special purpose entities. IFRS 10 replaces

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

IFRS 12 Disclosure of Interests in Other Entities

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

IFRS 10-12 - Transition Guidance

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

IAS 27 Separate Financial Statements (as revised in 2011)

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

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

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

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

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

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

These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. These amendments are effective for annual periods beginning on or after

1 January 2014. The Group has not novated its derivatives during the current period. However, these amendments would be considered for future novations.

IFRIC Interpretation 21 Levies (IFRIC 21)

IFRIC 21 clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. IFRIC 21 is effective for annual periods beginning on or after 1 January 2014. The Group does not expect that IFRIC 21 will have a financial impact in future financial statements.

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

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

- IFRS 2 Share-based Payment: The performance condition and service condition definitions were clarified to address several issues.
- IFRS 3 Business Combinations: It was clarified that contingent consideration in a business combination that is not classified as equity is subsequently measured at fair value through profit or loss whether or not it falls within the scope of IFRS 9 'Financial Instruments'.
- IFRS 8 Operating Segments:
  - It was clarified that if operating segments are combined, the economic characteristics used to assess whether the segments are similar must be disclosed.
  - It was clarified that the reconciliation of segment assets to total assets is only required to be disclosed if this reconciliation is reported to the chief operating decisions maker, similar to the required disclosure for segment liabilities.
- IFRS 13 Fair Value Measurement: It was clarified in the Basis for Conclusions that short term receivables and payables with no stated interest can be held at invoice amounts when the effect of discounting is immaterial.
- IAS 16 Property, Plant & Equipment and IAS 38 Intangible Assets: The revaluation method was clarified: accumulated depreciation or amortisation is eliminated so that the gross carrying amount and carrying amount equal the market value.
- IAS 24 Related Party Disclosures: It was clarified that a management entity – an entity that provides key management personnel services – is a related party subject to related party disclosure requirements. An entity that uses a management entity is required to disclose the expenses incurred for management services.

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

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

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

- IFRS 3 Business Combinations: It was clarified that joint arrangements, and not only joint ventures, are outside the scope of IFRS 3. It was further clarified that the scope exemption only applies to the accounting in the financial statements of the joint arrangement itself.

- IFRS 13 fair Value measurement: It was clarified that the portfolio exception can be applied to financial assets, financial liabilities and other contracts.
- IAS 40 Investment Property: The interrelationship between IFRS 3 and IAS 40 was clarified. The description of ancillary services in IAS 40 differentiates between investment property and owner-occupied property. IFRS 3 is used to determine if the transaction is the purchase of an asset or a business combination.

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

6. NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

6.1 Intangible assets

The changes in intangible assets were as follows:

	Purchased rights EUR k	Goodwill EUR k	Exploration and Evaluation Asset EUR k	Marketing Agreements EUR k	Customer Relationship EUR k	Brand Name EUR k	Total EUR k
Acquisition or production cost							
1 Jan. 2013	4,876	6,416	1,023	1,148	5,002	1,162	19,627
Additions due to consolidation	22	0	0	0	0	0	22
Additions	276	0	85	0	0	0	361
Disposals	–3,682	0	0	0	0	0	–3,682
Transfers	0	0	–804	0	0	0	–804
Disposal due to decon-solidation	–31	–6,416	0	–1,148	–138	–1,162	–8,895
Currency effects	–1,146	0	–150	0	0	0	–1,296
31 Dec. 2013	**315**	**0**	**154**	**0**	**4,864**	**0**	**5,333**
Amortization and impairments							
1 Jan. 2013	651	0	0	1,021	599	0	2,271
Additions	148	0	0	0	776	0	924
Impairment Charges	696	0	0	0	0	0	696
Disposals	–568	0	0	0	0	0	–568
Disposal due to decon-solidation	–15	0	0	–1,021	–138	0	–1,174
Currency effects	–804	0	0	0	0	0	–804
31 Dec. 2013	**108**	**0**	**0**	**0**	**1,237**	**0**	**1,345**
Carrying amounts							
31 Dec. 2013	**207**	**0**	**154**	**0**	**3,627**	**0**	**3,988**
1 Jan. 2013	4,225	6,416	1,023	127	4,403	1,162	17,356

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

Purchased rights

The purchased right has been acquired in prior years and related to a right for the use of a port operation in Kintap, South Kalimantan, Indonesia. By way of an asset deal, the port operations were sold effective 17 June 2013. As a result of the sale, HMS Bergbau Group recognized an impairment charge of EUR 696 thousand in Purchased rights. As a result of the disposal of the investment in HMS Bergbau AG, this impairment charge is presented in discontinued operations.

Goodwill and brand name

The goodwill and brand name arose from the contribution of HMS Bergbau AG into Ichor Coal N.V. in 2011 and have been disposed of as part of the investment in HMS Bergbau AG.

Exploration and evaluation asset

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

Marketing agreements

The marketing agreements arose from the contribution of HMS Bergbau AG into Ichor Coal N.V. and have been disposed of as part of the investment in HMS Bergbau AG.

Customer relationship

The purchased customer relationship represents non-contracted interactions with a South African utility company. The amortization of the customer relationship is based on future deliveries, while the expected remaining amortisation period for customer relationship is based on the projected contract period at the time of the acquisition. During the year, the customer relationship has been further depreciated by EUR 776 thousand.

6.2 Property, plant and equipment

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

	Mine Assets EUR k	Land and Buildings EUR k	Technical equipment and machinery EUR k	Other equipment, operational and office equipment EUR k	Total EUR k
Acquisition or production cost					
1 Jan. 2013	73,092	2,579	2,816	457	78,944
Additions due to consolidation	0	0	0	59	59
Additions	14,258	679	815	415	16,167
Disposals	0	0	–1,250	–62	–1,312
Transfers	804	0	0	0	804
Disposal due to deconsolidation	0	–469	0	–490	–959
Currency effects	9	–480	–620	311	–780
31 Dec. 2013	**88,163**	**2,309**	**1,761**	**690**	**92,923**
Depreciation and impairments					
1 Jan 2013	648	0	478	81	1,207
Additions	3,917	4	254	248	4,423
Impairment charges	0	0	380	0	380
Disposals	0	0	–430	–54	–484
Disposal due to deconsolidation	0	0	0	–283	–283
Currency effects	–128	–1	–496	355	–270
	4,437	**3**	**186**	**347**	**4,973**
Carrying amounts					
31 Dec. 2013	**83,726**	**2,306**	**1,575**	**343**	**87,950**
1 Jan. 2013	72,444	2,579	2,338	376	77,737

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

Mine assets

The current production ramp up at the Vunene Mining (Pty) Ltd. operations and the opening of three further pits during 2013 has resulted in box cut development costs of EUR 14,258 thousand, capitalized in mine assets. The previous year balance of EUR 73,092 primarily relates to the coal reserves and resources included in the mining license area of Vunene Mining (Pty) Ltd. and have been recognized as a result of the acquisition of Vunene Mining (Pty) Ltd. in 2012. The amortization of mine assets is based on a unit of production method.

Land and buildings

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

Technical equipment and machinery

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

6.3 Investments accounted for using the equity method

On 30 November 2012, Ichor Coal N.V. concluded the purchase of 30 percent of the shares from a capital increase in Mbuyelo Coal (Pty) Ltd., a South African holding company, which in turn owns stakes in a group of coal mining companies operating in varying stages from green field projects to producing mines. The Group's share of realized losses of Mbyuelo Coal (Pty) Ltd. for the period between 30 November 2012 and 31 December 2012 was EUR 47 thousand, increasing the investment in the associate to EUR 17,903 thousand.

In 2013, the shareholding in Mbuyelo Coal (Pty) Ltd. has been increased via a share capital increase that was fully subscribed by Ichor Coal N.V. for a consideration of EUR 21,152 thousand and meanwhile raising the shareholding to 38 percent. In addition, various share purchase transactions have been concluded for a total consideration of EUR 14,601 thousand, including transaction cost, raising the Ichor Coal N.V. shareholding in Mbuyelo Coal to the current level of approximately 45 percent. The Group's share of realized profits of Mbyuelo Coal (Pty) Ltd. for the period between 1 January 2013 until 31 December 2013 was EUR 77 thousand.

As of 31 December 2013, the carrying amount of the investment in associates is EUR 53,733 thousand. No dividend has been received by Ichor Coal N.V. from Mbyuelo Coal (Pty) Ltd. in 2013 and 2012.

Summarized 31 December 2013 financial statement information of Mbyuelo Coal (Pty) Ltd., which are not adjusted for the percentage of ownership held by Ichor Coal N.V., is disclosed below:

	31 Dec. 2013 EUR k	31 Dec. 2012 EUR k
Current assets	17,564	15,567
Non-current assets	44,932	31,914
Total assets	**62,496**	**47,481**
Current liabilities	162	1,301
Non-current liabilities	3	51
Total liabilities	**164**	**1,352**
Equity	**62,332**	**46,129**
Revenues	0	0
Share of profit or loss of associates	911	10,457
Net profit after tax	171	8,378

The financial year of Mbyuelo Coal (Pty) Ltd. ends on 28 February. Disclosures of financial information and the Group's share in profits has been derived from interim financial statements ending 31 December 2013.

6.4 Deferred tax assets and deferred tax liabilities

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

	31 Dec. 2013		31 Dec. 2012	
	Deferred tax assets EUR k	Deferred tax liabilities EUR k	Deferred tax assets EUR k	Deferred tax liabilities EUR k
Intangible assets	0	0	0	384
Property, plant and equipment	24	21,083	0	21,446
Non-current financial assets	64	34	64	0
Other assets	0	0	0	0
Provisions for pensions	0	0	881	0
Other provisions	99	0	137	0
Other liabilities	43	1,434	0	260
Temporary differences	**230**	**22,551**	**1,082**	**22,090**
Tax loss carry-forwards	**1,438**	**0**	**1,497**	**0**
Total	**1,668**	**22,551**	**2,579**	**22,090**
Offsetting	–1,468	–1,468	–260	–260
Amounts as per balance sheet	**200**	**21,083**	**2,319**	**21,830**

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

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

	2013 EUR k	2012 EUR k
Deferred tax assets at the beginning of the period	2,319	1,229
Deferred tax liabilities at the beginning of the period	–21,830	–734
Net tax position at the beginning of the period	**–19,511**	**495**
Deferred tax benefit/ (expense) of current year	–889	705
Changes in deferred taxes recognized in other comprehensive income	–15	422
Changes to deferred tax liabilities due to group consolidation	–468	–21,133
Net tax position as of 31 December	**–20,883**	**–19,511**
Deferred tax assets at the end of the period	200	2,319
Deferred tax liabilities at the end of the period	–21,083	–21,830

6.5 Inventories

Inventories of EUR 1,848 thousand (2012: EUR 469 thousand) consist solely of coal stockpiles of Vunene Mining (Pty) Ltd.

6.6 Trade and other receivables

Trade and other receivables as at 31 December 2013 amounted to EUR 4,260 thousand (2012: EUR 10,542 thousand). Trade receivables are mainly related to a major South African utility company as well as against HMS Bergbau Africa (Pty) Ltd. There are no valuation allowances recorded for doubtful trade receivables as of year-end (2012: EUR 6 thousand).

As at 31 December 2013 receivables of EUR 791 thousand were up to 30 days past their due date. There were no indications at the balance sheet date that would suggest that the customers would not fulfill their payment obligations.

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

	31 Dec. 2013 EUR k	31 Dec. 2012 EUR k
up to 30 days	791	43
31 to 90 days	0	20
91 to 180 days	0	0
181 days and longer	0	0
Total trade receivables past due	**791**	**63**

6.7 Other current financial assets

Other current financial assets are composed as follows:

	31 Dec. 2013 EUR k	31 Dec. 2012 EUR k
Receivable from the disposal of investments	12,073	0
Rehabilitation Investment Fund	746	906
Miscellaneous	276	127
Other current financial assets	**13,095**	**1,033**

The receivable from the disposal of investments represents the remaining balance of the sale of the investment in HMS Bergbau AG. The receivable will become due during 2014.

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

6.8 Other assets

The following table summarises the components of other assets:

	31 Dec. 2013 EUR k	31 Dec. 2012 EUR k
Receivables from value added tax	294	296
Advance payments	144	4,213
Miscellaneous	97	399
Other non-financial assets	**535**	**4,908**

The advance payments made in 2012 to coal suppliers were mainly realized in the beginning of 2013. Advances to Indonesian coal suppliers of EUR 377 thousand, which have been written off in previous periods, have been disposed of along with the investment in HMS Bergbau AG.

The development of the allowance is as follows:

	Total EUR k	Individually impaired EUR k
1 Jan. 2013	383	383
Disposals due to deconsolidation	–377	–377
Reversals	–6	–6
31 Dec. 2013	**0**	**0**

	Total EUR k	Individually impaired EUR k
1 Jan. 2012	159	159
Additions	224	224
31 Dec. 2012	**383**	**383**

6.9 Cash and cash equivalents

As at 31 December 2013, IchorCoal Group's cash and cash equivalents are made up as follows:

	31 Dec. 2013 EUR k	31 Dec. 2012 EUR k
Cash at banks	9,335	17,155
Cash on hand	0	10
Cash and cash equivalents	**9,335**	**17,165**

Included in cash at banks, is a balance of EUR 192 thousand held by Vunene Mining (Pty) Ltd. which is only available for specified purposes in relation to infrastructure care and maintenance purposes.

6.10 Equity

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

Issued capital

The issued capital of EUR 5,500,000 is divided into 55,000,000 (2012: 50,000,000) common shares, with a nominal value of EUR 0.10 each.

On 22 August 2013, Ichor Coal N.V. issued 5,000,000 new shares with a nominal value of EUR 0.10 for a consideration of EUR 4 per share. The new shares qualify for dividends as from 1 January 2013.

The issued capital as of 31 December 2013 consisted entirely of fully paid-up ordinary shares. Each fully paid ordinary share carries the right to dividends as declared and carries the right to one vote at a shareholders meeting.

The authorized capital amounts to EUR 25,000,000 (2012: EUR 25,000,000) and is divided into 250,000,000 (2012: 250,000,000) shares, with a nominal value of EUR 0.10 each.

Capital reserves

The IchorCoal Group was formed, effective 1 December 2011, as a result of the transfer of the shares in HMS Bergbau AG to Ichor Coal N.V. by means of a contribution to capital reserves of EUR 9,953 thousand. In 2013, Ichor Coal N.V. purchased a further 111,515 (2012: 289,957) shares in HMS Bergbau AG for a total consideration of EUR 544 thousand (2012: EUR 1,669 thousand). The difference between the consideration paid and the adjustment of the non-controlling interest, amounting to EUR 368 thousand (2012: EUR 1,362 thousand), has been recognized in capital reserves and as such has been attributed to the owners of the company.

In addition, the consideration received for the share capital increase on 22 August 2013 beyond the nominal value of the shares and after issuance cost amounts to EUR 18,849 thousand and has been recorded to Capital Reserves.

Accumulated retained earnings

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

Accumulated other comprehensive income

The accumulated other comprehensive income reflects differences from currency translation.

Non-controlling interest

As at 31 December 2013 the following entities were consolidated in the Group's consolidated financial statements whereas non-controlling interest stakes were held by third parties:

	31 Dec. 2013 EUR k	31 Dec. 2012 EUR k
Vunene Mining (Pty) Ltd., South Africa	15,038	16,102
Indawo Estate (Pty) Ltd., South Africa	8	17
HMS Bergbau AG, Berlin, Germany	0	339
Non-controlling interest	**15,046**	**16,458**

6.11 Provision for pensions

As of 31 December 2012 the Group had, via HMS Bergbau AG, recognized a provision for pensions to cover an obligation arising from vested pension rights for an active Board Member of HMS Bergbau AG. The pension plan is organized in accordance with the legal, tax-related, and economic conditions of Germany. The provision as of the beginning of the year of EUR 4,623 thousand for the defined benefit pension plan corresponded to the present value of the obligation of EUR 5,997 thousand net of the fair value of the plan assets of EUR 1,374 thousand. Due to the sale of all shares of HMS Bergbau AG as per 27 December 2013, the pension obligation as well as the plan assets have been disposed off. Accordingly, the Group does not account any longer for the pension provision and does not expect any further contributions to the defined benefit pension plan in 2014.

6.12 Other provisions

The environmental rehabilitation provisions relates to the mining activities of Vunene Mining (Pty) Ltd. As per South African legal requirements, mining companies are required to provide for rehabilitation work as part of their ongoing operations. An annual estimate of the closure activities and associated costs is made by management, which are expected to meet the mines Environmental Management Program obligation. The total provision varies, depending on the development and depletion stage of open cast pits of Vunene Mining (Pty) Ltd.

As at 31 December 2013, EUR 4,675 thousand (2012: EUR 2,265 thousand) total cost – discounted at prime rate of 8.5 percent – were provided for restoration and rehabilitation relating to past and current mining operations. Out of the total provision, EUR 1,035 thousand are expected to be paid within the next 12 months and are therefore included in the current provisions.

Current provisions are composed as follows:

	31 Dec. 2013 EUR k	31 Dec. 2012 EUR k
Environmental rehabilitation current operations	785	493
Environmental rehabilitation past operations	250	625
Current other provisions	**1,035**	**1,118**

The provision for environmental rehabilitation on past operations relates to Vunene Mining (Pty) Ltd.'s previous mining activities and is expected to be fully utilized in 2014.

The non-current provisions of EUR 3,640 thousand (2012: EUR 1,147 thousand) solely represents the non-current portion of the rehabilitation provision for current mining operations.

During the current financial year, EUR 5,061 thousand have been additionally provisioned for and EUR 1,979 thousand were charged against the environmental rehabilitation provisions based on the progress of ongoing rehabilitation activities.

6.13 Interest-bearing loans and borrowings

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

As at 31 December 2013, current interest bearing loans and borrowings are composed as follows:

	31 Dec. 2013 EUR k	31 Dec. 2012 EUR k
Ichor Coal N.V. Convertible Bonds	409	409
Ichor Coal N.V. Corporate Bonds	158	0
Trade finance facilities	0	491
Miscellaneous	358	25
Current loans and borrowings	**925**	**925**

The current portion of the Ichor Coal N.V. Convertible Bonds as well as of the Corporate Bonds originates from accrued interest expenses to be paid at the next quarterly interest day. As a result of the disposal of the investment in HMS Bergbau AG, the Group is no longer liable for trade finance facilities (2012: EUR 491 thousand).

As per 31 December 2013, non-current interest bearing loans and borrowings are composed as follows:

	31 Dec. 2013 EUR k	31 Dec. 2012 EUR k
Ichor Coal N.V. Convertible Bonds	76,309	77,084
Ichor Coal N.V. Corporate Bonds	33,937	0
Non-current loans and borrowings	**110,246**	**77,084**

Convertible Bonds

In 2012, Ichor Coal N.V. issued EUR 80 million Convertible Bonds at par, which - subject to early prepayment or conversion – mature in June 2017. The Convertible Bonds carry a fixed interest rate of 8% per annum, to be paid quarterly in arrears. Under certain conditions, such as the issuance of new shares or payments of dividends in the form of ordinary shares, standard adjustment mechanisms would apply to the conversion share price or Ichor Coal N.V. would obtain the right to pay back all - but not part – of the outstanding notes including the accrued interest. Furthermore, there were no conversions of the bonds during the year.

The bonds have a nominal value of EUR 100,000 and an initial conversion price of EUR 4.50, which entitles each bond holder to convert into 22,222 new ordinary bearer shares of Ichor Coal N.V.

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

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

As at 31 December 2013, no events occurred, which would have triggered an adjustment to the conversion share price or a clean-up option.

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

Based on accounting standards, the conversion component was classified as a financial instrument at fair value through profit or loss and was initially recognized as a liability at the fair value of EUR 25,100 thousand. The Group used a binomial options pricing model for the initial and subsequent determination of the fair value. Significant input factors for the model are Ichor Coal N.V.'s share price, the volatility of the share price and the remaining time to expiry. Although the Ichor Coal N.V. share price had an increasing effect, the fair value of the conversion component as of 31 December 2013 has been decreased due to the reduced remaining time to expiry as well as a lower volatility. At 31 December 2013, the fair value of the conversion component was EUR 18,284 thousand (2012: EUR 23,225 thousand). The resulting gain of EUR 4,941 thousand (2012: EUR 1,875 thousand) has been recognized in the statement of comprehensive income.

The fair value of the host component of EUR 52,155 thousand at inception date has been derived as the residual amount of the issue price less the conversion component and pro rata transaction cost. Transaction costs of 2.5 percent of the Convertible Bonds face value have been apportioned between the host and the conversion component based on the allocation of proceeds to the components. The host component is subsequently carried at the amortized cost using the effective interest method. As of 31 December 2013, the total carrying value of the host component was EUR 58,434 thousand (2012: EUR 54,268 thousand), including accrued interest.

There were no conversions of the bonds during the year.

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

	31 Dec. 2013 EUR k	**31 Dec. 2012 EUR k**
Host instrument opening balance	54,268	52,155
Conversion component opening balance	23,225	25,100
Fair value movement of conversion component	–4,941	–1,875
Accrued interest	4,166	2,113
Ichor Coal N.V. Convertible Bonds	**76,718**	**77,493**

Corporate Bonds

In June 2013, Ichor Coal N.V. issued EUR 25 million of up to EUR 40 million unsecured and unsubordinated Corporate Bonds. A further EUR 10 million was issued in October 2013. The bonds were issued at par and will - subject to early prepayment – mature in June 2015. The bonds have a nominal value of EUR 100,000 and carry a fixed interest rate of 6.5 % per annum until the maturity date, to be paid quarterly in arrears.

If at any point the outstanding principal falls under 20 percent of the principal amount, Ichor Coal N.V. has the right to pay back all - but not part – of the outstanding notes including the accrued interest as of the day on which such clean-up option is exercised.

The carrying value of the Corporate Bonds of EUR 33.6 million at inception date has been derived as the residual amount of the issue price less transaction cost of 4.0 percent of the corporate bond's face value. The Corporate Bonds are subsequently carried at amortized cost using the effective interest method. As at 31 December 2013, the carrying value of the Corporate Bonds was EUR 34,095 thousand, including accrued interest.

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

	31 Dec. 2013 EUR k
Balance at inception	33,600
Accrued interest	495
Ichor Coal N.V. Corporate Bonds	**34,095**

6.14 Other financial liabilities

Other non-current financial liabilities of EUR 623 thousand (2012: EUR 803 thousand) represent liabilities due to the minority shareholder of Indawo Estate (Pty) Ltd. The change to prior year is solely caused by changes in foreign exchange rates. The remaining EUR 628 thousand pertain to outstanding access fees for mining activities on farmland.

The other current financial liabilities of EUR 306 also pertain to outstanding access fees. The other current financial liability of EUR 4,291 thousand as per previous year-end represented a contingent consideration liability relating to payment obligations from the acquisition of shares in Vunene Mining (Pty) Ltd. During the year, the obligation has been settled at EUR 2,038 thousand, resulting in a release of the liability of EUR 1,639 thousand, after adjustment for foreign exchange differences.

6.15 Trade and other payables

The trade and other payables of EUR 1,810 thousand (2012: EUR 9,388 thousand) mainly relate to payables to mining contractors.

6.16 Other liabilities

The other liabilities broke down as follows:

	31 Dec. 2013 EUR k	31 Dec. 2012 EUR k
Accrued liabilities	1,260	398
Accrued income	152	0
Liabilities from other taxes	43	1,524
Advance payments	0	2
Miscellaneous	12	159
Other non-financial liabilities	**1,467**	**2,083**

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

6.17 Maturity analysis of financial and non-financial liabilities

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

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

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

7. NOTES TO THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

7.1 Revenues

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

	2013 EUR k	2012 EUR k
Mining revenues	23,089	12,507
Services revenues	1,474	701
Other revenues	302	60
Revenues	**24,865**	**13,268**

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

7.2 Other operating income

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

	2013 EUR k	2012 EUR k
Gain on contingent liability adjustment	1,639	0
Foreign exchange gains	1,276	33
Gain from remeasuring of associate	0	3,943
Gain from investment acquisition	0	156
Indemnification income	0	126
Non-performance compensation supplier	0	101
Miscellaneous	69	17
Other operating income	**2,984**	**4,376**

The gain on the release of contingent liability, relating to payment obligations from the acquisition of shares in Vunene Mining (Pty) Ltd. in 2012, has been recorded as a result of the settlement of the obligation EUR 1,639 thousand below book value.

7.3 Purchased goods and services

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

	2013 EUR k	2012 EUR k
Mining services	18,984	6,174
Other services	491	1,310
Purchased goods and services	**19,475**	**7,484**

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

Furthermore, a change in inventory of EUR 1,624 thousand has been realized, based on coal production not being sold prior to year-end.

7.4 Personnel expenses

Personnel expenses are composed as follows:

	2013 EUR k	2012 EUR k
Wages and salaries	2,923	1,529
Social security	555	307
Pension expenses	0	0
Miscellaneous	79	0
Personnel expenses	**3,557**	**1,836**

During the year, the number of employees of the Group's continuing operations increased from 113 to 123, mainly resulting from the production ramp up of Vunene Mining (Pty) Ltd. and the addition of further management capacities.

7.5 Depreciation, amortization and impairments

The depreciation, amortization and impairments split up as follows:

	2013 EUR k	2012 EUR k
Depreciation of property, plant and equipment	4,256	737
Amortization of intangible assets	892	549
Write off of current assets	0	1,044
Others	13	30
Depreciation, amortization and impairments	**5,161**	**2,360**

Depreciation of property, plant and equipment mainly originates from mine assets, which have been depreciated based on the unit of production method. The write off charge of EUR 1,044 thousand recorded in 2012, relates to coal stock piles, which were rendered unmarketable (EUR 749 thousand) and advances and other receivables, where management assessed recoverablilty as unlikely (EUR 295 thousand).

7.6 Other operating expenses

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

	2013 EUR k	2012 EUR k
Legal and consulting costs	1,871	1,443
Foreign exchange losses	1,811	107
Advertising and travel expense	460	507
Capital acquisition fees	370	74
Rental and leasing expenses	345	242
Audit and accounting service expenses	259	142
Compliance expenses	231	244
Commissions	140	2
Insurances and contributions	103	36
Vehicle costs	26	3
Bank charges	18	29
Other taxes	0	189
Miscellaneous	400	379
Other operating expenses	**6,034**	**3,397**

7.7 Financial result

Financing cost and income splits down as follows:

	2013 EUR k	2012 EUR k
Effective interest on Convertible Bonds	10,566	4,213
Effective interest on Corporate Bonds	1,256	0
Interest on debts and borrowings	228	120
Interest on rehabilitation provision	200	24
Other	266	32
Total interest and similar expenses	**12,516**	**4,389**
Transaction cost on Convertible Bonds	0	1,255
Total finance costs	**12,516**	**5,644**

	2013 EUR k	2012 EUR k
Interest income from bank accounts	88	95
Interest on other loans and borrowings	116	372
Other	0	17
Total interest income	**204**	**484**
Gain on conversion option Convertible Bonds	4,941	1,875
Total finance income	**5,145**	**2,359**

During the year, Vunene Mining (Pty) Ltd. significantly increased its mining operations by the development of three further open cast pits. Until the respective pits commenced their production phase, the borrowing cost that are directly attributable to the activities of the box cut openings have been capitalized and as such added to the mining asset. During the year borrowing cost of EUR 140 thousand, incurred through the issuance of the Corporate Bonds, have been capitalized.

7.8 Income from investments

Total income from investments comprises the following:

	2013 EUR k	2012 EUR k
Share of profit or loss of associates accounted for using the equity method	77	395
Gain on sale of HMS Niwka	724	0
Income from investments	**801**	**395**

During 2013, IchorCoal increased its ownership in Mbuyelo Coal (Pty) Ltd. from 30 percent to 45 percent. As at 31 December an equity gain of EUR 77 thousand has been recognized based on the results of Mbuyelo Coal (Pty) Ltd. in that period.

7.9 Income tax and deferred tax

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

	2013 EUR k	2012 EUR k
Income from continued operations	–11,323	–323
Income from discontinued operations	1,956	–3,044
Income before income taxes	**–9,367**	**–3,367**
Tax rate	30.18%	30.18%
Expected tax (expense)/ benefit	**2,827**	**1,016**
Differing tax rates	–220	–6
Permanent differences	3,261	1,366
Adjustments to carrying amounts of deferred taxes	–528	40
Current income taxes for prior years	–2	–122
Deferred income taxes for prior years	–10	163
Unrecognized tax losses and interest carry forwards	–6,236	–2,048
Non-deductible expenses for tax purposes	–10	–517
Trade tax additions / deductions	0	182
Tax-exempt income	0	1
Other effects	13	–8
Income taxes	**–905**	**67**

Based on the management seat of Ichor Coal N.V. in Berlin, Germany, the enacted tax rate of 30.18% is applicable for the Ichor Coal N.V. taxation in Germany. Out of the unrecognized tax losses and interest carry forwards, EUR 1,811 thousand expire not earlier than 2017 and EUR 3,749 thousand does not expire.

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

	2013 EUR k	2012 EUR k
Current taxes	–4	–517
Deferred taxes	379	25
Income taxes from continued operations	**375**	**–492**
Current taxes	–11	–122
Deferred taxes	–1,269	681
Income taxes from discontinued operations	**–1,280**	**559**
Income taxes for the year	**–905**	**67**

7.10 Earnings per share

Basic earnings per share

The basic earnings per share for the continued operations for the financial year 2013 amount to EUR -0.20 (2012: EUR -0.02). The basic earnings per share calculation is based on the profit and loss of the continued operations attributable to the owners of the company and the number of shares outstanding during the period. The basic earnings per share for the continued operations for the comparative period has been additionally adjusted by the weighted average number of own treasury shares held by the Group during that period. The profit and loss for the continued operations attributable to the owners of the company and the weighted average number of shares outstanding has been calculated as follows:

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

	2013	2012
Profit or loss from continued operations	–10,949	–815
Non-controlling interest	–787	313
Profit or loss from continued operations attributable to the owners of the company	–10,162	–1,128

Weighted average number of shares outstanding (in 000s):

	2013	2012
Shares issued and fully paid as of 1 January	50,000	50,000
Effect of share capital increase	1,822	0
Effect of own treasury shares held during the period	0	–667
Weighted average number of shares outstanding	51,822	49,333

The basic earnings per share for the discontinued operations, including the gain on sale of the HMS Bergbau AG investment of EUR 6,398 thousand, for the financial year 2013 amount to EUR 0.02 (2012: EUR -0.05). The basic earnings for the discontinued operations of the current financial year, before the gain on sale of HMS Bergbau AG investment, amount to EUR -0.11.

Diluted earnings per share

During 2012, Ichor Coal N.V. issued a convertible bond of EUR 80 million, which resulted in an adjustment to the weighted average shares outstanding of 17,778 thousand (2012: 6,961 thousand). Those shares, as well as any income or loss adjustment in relation to those shares, were excluded from the computation of diluted earnings per share as their effect is anti-dilutive.

7.11 Other comprehensive income

The other comprehensive income relates solely to currency translation differences.

8. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOW

The cash flow statement was prepared using the indirect method.

IchorCoal Group's cash and cash equivalents as at 31 December 2013, which was unencumbered, amounted to EUR 9,335 thousand.

The Group's cash flows from operating activities was mainly influenced by the Vunene Mining operations as well as the sale of the HMS Bergbau AG investment. The investment cash flows were also mainly driven by Vunene Mining's production ramp up, the subscription of the entire share capital increase in Mbuyelo Coal (Pty) Ltd. and the subsequent share capital purchase transactions. The cash flow from financing activities was driven in turn by the issuance of the EUR 35 million Corporate Bonds of Ichor Coal N.V. as well as the Ichor Coal N.V. share capital increase in August 2013.

9. NOTES TO THE CONSOLIDATED SEGMENT REPORT

9.1 Basic principles of segment reporting

Ichor Coal N.V. is the parent company of IchorCoal Group, being responsible for all investments in coal resources as well as all central control functions such as strategy, finance, accounting/controlling. In 2013, mining activities were performed by Vunene Mining (Pty) Ltd., whereas all major trade activities were conducted via HMS Bergbau AG. Up until disposal of the investment in HMS Bergbau AG, the IchorCoal Group activities were organized in segments, which in turn were managed by segment management functions. Financial performance, operating activities and budgets and forecasts were compiled for both segments and reviewed by the IchorCoal management board on a regular basis.

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

The Group's mining activities, included in the continued operations, generated EUR 16,112 thousand of its sales with Eskom, a South African utility company. Furthermore, EUR 7,552 thousand of sales have been mainly generated on a coal supply agreement with a subsidiary of the former Group's trading division HMS Bergbau AG. The coal supply agreement has a duration until October 2014 and continues to be in force subsequently to the disposal of the investment in HMS Bergbau AG. All intra- group sales had been concluded on transfer prices adhering to the arms- length principle. In order to present a true and fair view on the Group's continued and discontinued results margins generated by the Group on sales to HMS Bergbau AG are presented in continued operations, while the margin generated by HMS Bergbau AG on the external sales is presented in discontinued operations. Being aware of the requirements of IFRS 5, this treatment however ensures comparability of Revenues as well as Gross Margins to previous and future periods and avoids miss-leading information in the Group's Statement of Comprehensive Income.

10. OTHER DISCLOSURES

10.1 Capital management

To provide the financial stakeholders of the Group with satisfactory returns, Group management aims on owning and operating medium sized coal assets which are expandable and promise upstream development potential. With the strategic realignment and the subsequent disposal of the investment in HMS Bergbau AG, Vunene Mining (Pty) Ltd. represents the Group's major mining asset as at 31 December 2013.

Throughout the year, Group management continually reviews existing assets to identify whether they remain within set financial limits. It also continues to review further assets, mainly in South Africa, which potentially fit the strategy and only invest capital in those who are in accordance to certain financial criteria. The Group's requirements for investments are projects that carry sufficient rates of return, generate consistent cash flows and have potential for future value creation to ultimately allow the Group to return excess capital to its shareholders.

To ensure consistent and secured funding for the development of its projects, Group management monitors capital in the light of economic changes and significant transactions. Capital requirements are assessed and evaluated in conjunction with the Supervisory Board and any additional debt or equity issuance to meet those requirements is assessed

for the impacts on the capital structure of the Group. As at 31 December 2013, the Group has issued EUR 5,500 thousand in share capital, EUR 80 million in Convertible Bonds and EUR 35 million in Corporate Bonds.

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

	31 Dec. 2013 EUR k	31 Dec. 2012 EUR k
Interest bearing loans and borrowings	111,171	78,009
Accounts payable and accrued liabilities	3,070	9,786
Less cash and cash equivalents	–9,335	–17,165
Net debt	**104,906**	**70,630**
Equity	32,936	24,415
Equity and net debt	137,842	95,045
Gearing ratio	**76%**	**74 %**

10.2 Financial assets and liabilities

Presentation by categories

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

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

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

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 2013, the Group held the conversion component of the convertible bond at fair value through profit or loss in the statement of financial position. The conversion component has been valued using an binominal option price model, with share volatility and share price and time to maturity being significant input factors, and as such is classified as a Level 3. At inception the conversion option has been valued at EUR 25,100 thousand. As of year end, a gain of EUR 4,941 thousand (2012: EUR 1,875 thousand) has been recognised and recorded in profit and loss. For purposes of the conversion option valuation, management also took into account any adjustment necessary to measure Ichor Coal N.V.'s default risk on its derivative liability. Consequently, the credit risk of Ichor Coal N.V. is incorporated into the fair value of the conversion option liability.

The gain on conversion would have increased by EUR 529 thousand if the volatility decreased by 1 percent point and would have decreased by EUR 527 thousand if the volatility increased by 1 percent point. Similarly, the gain would have increased by EUR 1,004 thousand if the share price would be EUR 0.10 lower and would have decreased by EUR 1,084 thousand if the share price would be EUR 0.10 higher. The Group furthermore held a coal commodity derivative, at fair value through profit or loss, to mitigate price risks from fluctuations in the underlying coal price indice. The derivative is traded at a commodity derivative exchange and has been classified as Level 1.

31 Dec. 2013	Carrying amount EUR k	Fair Values EUR k
Assets		
Trade and other receivables	4,260	4,260
Other current financial assets	13,095	13,095
Cash and cash equivalents	9,335	9,335
Liabilities		
Interest-bearing loans and borrowings	111,171	108,725
Other non-current financial liabilities	1,251	1,251
Trade and other payables	1,810	1,810
Other current financial liabilities	306	306

Except for the Convertible Bond and the Corporate Bond, the financial assets and liabilities have mainly short terms to maturity. Therefore, carrying amounts at the reporting date approximate the fair value. The Convertible Bond matures in 2017 and is derived of a host component and a conversion component. The above fair value disclosure is based on the market value of the Convertible and Corporate Bonds as of 31 December 2013. However, for purposes of these financial statements, the carrying amount of the host component represents the discounted nominal amount and the carrying amount of the conversion component represents the fair value of the conversion option as of 31 December 2013. The Corporate Bond matures in 2015 and is recorded at the discounted nominal amount.

31 Dec. 2013	Carrying amount EUR k	Level 1 EUR k	Level 2 EUR k	Level 3 EUR k
Assets				
Trade and other receivables	4,260	0	0	0
Other current financial assets	13,095	117	0	0
Cash and cash equivalents	9,335	0	0	0
Liabilities				
Interest-bearing loans and borrowings	111,171	108,725	0	0
Other non-current financial liabilities	1,251	0	0	0
Trade and other payables	1,810	0	0	0
Other current financial liabilities	306	0	0	0

Other disclosures for financial assets and liabilities

The results from the various categories of financial assets and liabilities are composed as follows. Net gains on financial liabilities at fair value through profit and loss were EUR 4,941 thousand. The net losses on financial assets through profit and loss were EUR 204 thousand. Total interest income and total interest expense for financial assets and liabilities that are not at fair value through profit or loss were EUR 204 thousand (2012: EUR 484 thousand) and EUR 12,516 thousand (2012: EUR 5,644 thousand), respectively.

10.3 Group financial risk management

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

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

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

Main exposures identified include investment risks, financial market risks such as currency and interest rate risks, liquidity risks, credit risks and commodity price risks.The following sections describe those risks and opportunities that could have a significant impact on the Group's net assets, financial position and results of operations:

Investment risks

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

Financial market risks

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

IchorCoal Group is exposed to unwanted effects of foreign exchange transactions and translation. The functional currency of Ichor Coal N.V. is Euro. As such, translation exposure arises when the financial statements of foreign currency group entities are consolidated into Euro. In addition, any financial asset or liability of Ichor Coal N.V., which is denominated in a currency other than the functional currency, is periodically restated. Any associated gain or loss is taken to the income statement but not hedged in general. Most of the transactions are foreign currency transactions and therefore the Group is exposed to currency fluctuation risks. IchorCoal Group management enters into forward exchange contracts should the circumstances require and allow securitization of revenue or expenditure streams subject to unwanted currency fluctuation. In such instances, forward transactions are presented to and approved by the Supervisory Board of Ichor Coal N.V. As of 31 December 2013, the Group has no foreign exchange derivatives.

In 2013, the Group realized net losses of EUR 535 thousand from currency translation differences. The Group's exposure to the volatility of the ZAR currency at year end is minimal. If the ZAR weakened by 10 percent, the Group's net currency loss would have increased by EUR 34 thousand. If the ZAR strengthened by 10 percent, the net currency loss would have decreased by EUR 42 thousand.

The Group's current finance facilities are provided on a fixed interest rate basis, which vary from facility to facility. Interest price risks may originate from finance facilities at fixed interest rates. Interest cash flow risks may originate from finance facilities at variable interest rates on the Group's possible future borrowings for investments. Any such risk is evaluated within the Group and may be mitigated by interest derivatives, if deemed necessary. As of 31 December 2013, the Group has no interest derivatives.

Liquidity Risk

The Group's liquidity risk arises from the possibility that it may not be able to meet its financial obligations as they fall due. Mitigating activities include forecasting and monitoring of operational and capital cash requirements. The main sources of liquidity comes from the operating business and external borrowings. Management continually monitors the availability of financial resources to fund the Group's operating activities as well as its growth and development aspirations. This monitoring also contains an analysis of the due dates of the Group's financial obligations. The Group did not default on payment obligations during the financial period. The Group's future significant payment obligations result from the Corporate Bonds and Convertible Bonds. The interest payment obligations, of the Corporate Bonds of EUR 35 million, until maturity in 2015 amount to EUR 2,275 thousand in 2014 and EUR 948 thousand in 2015. The interest payment obligations, of the Convertible Bonds of EUR 80 million, until maturity in 2017 amount to EUR 6,400 thousand in 2014 until 2016 and to EUR 2,667 thousand in 2017, subject to conversion excercise.

Credit Risk

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

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

	EUR k
Trade and other receivables	4,260
Other current financial assets	13,095
Other assets	535
Cash and cash equivalents	9,335

To reduce the credit risk on cash and cash equivalents, management carefully pre-evaluates and selects bank institutes before depositing cash. To reduce the credit risk on revenues, the Group's management pre-evaluates and monitors counterparties. Group management further aims to utilize secured payment mechanisms or other risk mitigation instruments. In addition, risks from performance failures or poor performance of deliveries may arise. Management mitigates these risks appropriately by selecting creditworthy parties and by assessing individual conditions and structuring contracts accordingly. Prior to business relationships, management evaluates its potential customers using available financial information or its own trading records. During the year, the Group generated the majority of its sales with two main customers being Eskom, a South African utility company (EUR 16,128 thousand) and HMS Bergbau Africa (Pty) Ltd. (EUR 6,961 thousand), which both have not defaulted in 2013.

Commodity Price Risk

IchorCoal Group's commodity price risk exposure arises from transactions on the world coal market. Sale of coal transactions are either on a fixed price basis or index-based. Cash flow risks may originate from sales agreements at fixed rates. Price risks may originate from index based sales agreements. Price risks arising of fluctuations of applicable indices are mitigated by exchange traded commodity derivatives, if deemed necessary. Price escalation clauses are negotiated for fixed sales price agreements, to mitigate adverse input pricing developments. Group management evaluates such risks on a continuous basis as part of the risk management system.

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 Ichor Coal N.V. and, up until disposal, HMS Bergbau AG as well as close family members of key management are also related parties.

Transactions with subsidiaries and associates

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

Based on a coal supply agreement, which has been agreed on an arms-length basis in terms of input factors and margin share, Vunene Mining (Pty) Ltd. supplied coal to HMS Bergbau Africa (Pty) Ltd. during the year to unlock further local and international markets. Vunene Mining (Pty) Ltd., which is included in the continuing operations, has incurred sales of EUR 6,961 thousand for the deliveries. At 31 December 2013, EUR 3,055 thousand were due to Vunene Mining (Pty) Ltd. and have been paid prior to the date of these financial statements.

In May 2013, Ichor Coal N.V. fully subscribed to an equity increase of its associate Mbuyelo Coal (Pty) Ltd. for a total consideration of EUR 21,152 thousand, thereby raising its stake to 37.64 percent.

Transactions with significant shareholders

During the year, a short term financing facility has been provided to Kore Coal Investment B.V., Netherlands, one of the shareholders of Ichor Coal N.V. The financing facility was agreed at on an arms-length basis and fully repaid during the year.

Transactions with key management personnel

As of 27 December 2013, the investment of Ichor Coal N.V. in HMS Bergbau AG has been disposed of to various entities and persons belonging to the Schernikau family, including Heinz and Lars Schernikau. Up until the execution of the transaction, Heinz Schernikau belonged to the key management personnel and Lars Schernikau to the Supervisory Board of the company. Both are considered a related party through their directorship in Ichor Coal N.V and HMS Bergbau AG or the Supervisory Board position. The sale of share transaction has been concluded on an arms- length basis. Of the agreed purchase price of EUR 15,091 thousand, EUR 3,018 thousand have been paid before year end. The remaining balance of EUR 12,073 thousand will become due during 2014.

During the year, Heinz Schernikau and Sebastian Giese held director positions in Ichor Coal N.V. and HMS Bergbau AG. Heinz Schernikau received a total short term employee compensation of EUR 1,054 thousand and Sebastian Giese received a total short term employee compensation of EUR 220 thousand. Furthermore, during the financial year IchorCoal Group ran a defined benefit pension plan for Heinz Schernikau. The pension obligation had been granted by HMS Bergbau AG prior the transfer of the shares in HMS Bergbau AG to Ichor Coal N.V. by means of a contribution in 2011. The current service cost and interest expense recognized during the financial year by HMS Bergbau AG in relation to the pension obligation amounts to a total of EUR 634 thousand. The pension obligation has been included in the disposal of the investment in HMS Bergbau AG.

The Supervisory Board of Ichor Coal N.V. consisted during the year of four individuals. The annual compensation for the Supervisory Board Chairman Lars Windhorst is EUR 10 thousand. The Vice Chairman Lars Schernikau received a compensation of EUR 8 thousand. The Supervisory Board members Hans Hawinkels and Paolo Barbieri received a compensation of EUR 5 thousand, respectively EUR 3 thousand.

10.5 Contingent liabilities and commitments

As of 31 December 2013, the Group's purchase obligations from contract mining companies amounts to EUR 32,175 thousand, relating to 2014 and 2015. Further payment obligations for 2014 and 2015 amount to approximately EUR 31 thousand.

The maturity of other financial obligations resulting from rental and lease agreements of EUR 55 thousand split up as follows:

	31 Dec. 2013 EUR k	31 Dec. 2012 EUR k
Due within one year	55	243
Due in one to five years	0	471
Due in more than five years	0	0
Total	**55**	**714**

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

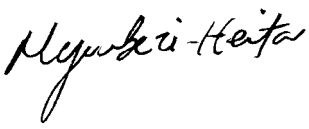
10.6 Audit Fees

The total audit fees of EUR 180 thousand have been incurred from Ernst & Young, Europe (EUR 111 thousand), KPMG, South Africa (EUR 53 thousand) and SizweNtsalubaGobodo, South Africa (EUR 16 thousand).

10.7 Events after the balance sheet date

On 14 March 2014, we received the second payment of EUR 3,018 thousand on the sale of the investment in HMS Bergbau AG in due time. No other events with significant influence to the financial position of IchorCoal Group which arose subsequent to the financial statement date, came to our attention.

Berlin, 27 March 2014



Nonkululeko Nyembezi-Heita
Chief Executive Officer

Andries Engelbrecht
Chief Operating Officer

Sebastian Giese
Chief Financial Officer

Stand-alone Statement of Financial Position for the Year ended 31 December 2013

	Note	31 Dec. 2013 EUR k	31 Dec. 2012 EUR k
Assets			
Non-current assets			
Intangible assets	3.1	23	359
Property, plant and equipment	3.2	4	8
Shares in affiliates	3.3	40,300	56,218
Investments in associates	3.4	53,703	17,950
Other non-current financial assets	3.5	7,775	0
Deferred tax assets	3.6	0	0
		101,805	74,535
Current assets			
Trade and other receivables	3.7	400	109
Other current financial assets	3.8	18,351	3,560
Other assets	3.9	97	158
Cash and cash equivalents	3.10	7,867	12,655
		26,715	16,482
Total Assets		**128,520**	**91,017**
Equity and liabilities			
Equity			
Issued capital	3.11	5,500	5,000
Capital reserves	3.11	28,886	10,037
Accumulated retained earnings	3.11	–6,752	–346
Profit or loss for the year	3.11	–10,627	–6,406
Total equity		17,007	8,285
Non-current liabilities			
Interest-bearing loans and borrowings	3.12	110,246	77,084
Current liabilities			
Interest-bearing loans and borrowings	3.12	567	409
Other current financial liabilities	3.13	0	4,291
Trade and other payables	3.14	300	749
Other liabilities	3.15	400	199
		1,267	5,648
Total liabilities		1,267	5,648
Total equity and liabilities		**128,520**	**91,017**

The accompanying notes form part of these financial statements, which are before appropriation of results.

Stand-alone Statement of Comprehensive Income for the Year ended 31 December 2013

	Note	1 Jan. - 31 Dec. 2013 EUR k	1 Jan. - 31 Dec. 2012 EUR k
Revenue	4.1	644	127
Other operating income	4.2	2,944	165
Purchased services	4.3	–85	–387
Personnel expenses	4.4	–1,227	–799
Depreciation		–10	–8
Other operating expenses	4.5	–6,563	–2,020
Finance costs	4.6	–11,965	–5,595
Finance income	4.6	–5,635	2,261
PROFIT OR LOSS BEFORE INCOME TAXES		–10,627	–6,256
Income taxes	4.7	0	–150
PROFIT OR LOSS FOR THE YEAR		**–10,627**	**–6,406**
Other comprehensive income		0	0.00
TOTAL COMPREHENSIVE INCOME		**–10,627**	**–6,406**

The accompanying notes form part of these financial statements.

Stand-alone Statement of Changes in Equity for the Year ended 31 December 2013 and 31 December 2012

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

The accompanying notes form part of these financial statements.

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

The accompanying notes form part of these financial statements.

Stand-alone Statement of Cash Flow for the Year ended 31 December 2013

	Note	31 Dec. 2013 EUR k	31 Dec. 2012 EUR k
Profit or loss		–10,627	–6,406
Reconciliation of profit or loss to the cash flow from operating activities:			
Depreciation and amortization of fixed assets	3.1 / 3.2	10	8
Write off of current assets	3.8	1,089	0
Gain on conversion component of Convertible Bonds	3.12	–4,941	–1,874
Effective interest on Convertible Bonds	3.12	4,502	1,704
Changes due to foreign currency changes		–658	–43
Loss from disposal of shares in affiliates	3.3	1,371	0
Other non-cash items	3.12	–1,390	895
Changes in deferred taxes	3.6	0	150
Changes in trade and other receivables	3.7	–291	–109
Changes in trade and other payables	3.14	–448	80
Changes in other financial assets and liabilities	3.5 / 3.8 / 3.13	–364	388
Changes in other assets and liabilities	3.9 / 3.15	263	37
Cash flow from operating activities		**–11,484**	**–5,170**
Proceeds from disposal of intangible assets and property, plant and equipment	3.1 / 3.2	365	0
Proceeds from disposal of shares in affiliates	3.3	3,018	0
Purchases of intangible assets and property, plant, and equipment	3.1 / 3.2	–35	–17
Purchases of investments in subsidiaries, associates and other non-current financial assets	3.3	–38,335	–55,188
Exploration expenditure	3.1	0	–30
Cash flow from investing activities		**–34,987**	**–55,235**
Proceeds from share capital increase	3.11	20,000	0
Purchase of treasury shares	3.11	–900	–5,789
Reissuance of treasury shares	3.11	0	5,873
Proceeds from interest-bearing loans and borrowings received	3.12	1,477	12,500
Repayments of interest-bearing loans and borrowings received	3.12	–1,477	–12,500
Cash-outflow from interest-bearing loans and borrowings given	3.5 / 3.8	–17,704	–3,539
Cash-inflow from interest-bearing loans and borrowings given	3.5 / 3.8	6,806	0
Proceeds from Bond issuance	3.12	35,000	80,000
Transaction cost of Bond issuance	3.12	–1,400	–4,000
Cash flow from financing activities		**41,802**	**72,545**
Cash flow-related changes in cash and cash equivalents		**–4,669**	**12,140**
Changes in cash and cash equivalents due to exchange rates		–119	43
Cash and cash equivalents at beginning of period		12,655	472
Cash and cash equivalents at end of period	3.10	**7,867**	**12,655**
Cash flows contained in the cash flow from operating activities:			
Interest paid		7,305	4,340
Interest received		116	15

The accompanying notes form part of these financial statements.

Reconciliation of Consolidated and Stand-Alone Equity for the Year ended 31 December 2013

The consolidated financial statements as at 31 December 2013 report a positive net equity position of EUR 32,936 thousand; the stand-alone financial statements as at 31 December 2013 report a positive net equity of EUR 17,007 thousand.

		31 Dec. 2013 EUR k	31 Dec. 2012 EUR k
Total consolidated equity		32,936	24,415
Difference in accumulated retained earnings			
Individual retained earnings	(1)	–6,752	–346
Consolidated retained earnings	(1)	4,083	451
Difference in net result			
Individual result	(1)	–10,627	–6,406
Consolidated result attributable to the shareholders	(1)	9,269	3,632
Non-controlling interest in the Group due to the contribution of HMS Bergbau AG shares	(2)	–605	–605
Changes in non-controlling interest in the Group due to changes in HMS Group	(2)	54	55
Acquisition of HMS Bergbau AG shares	(3)	1,730	1,362
Changes in non-controlling interest in the Group due to acquisition of HMS Bergbau AG shares	(3)	483	307
Changes in non-controlling interest in the Group due to the disposal of HMS Group	(4)	111	0
Non-controlling interest in the Group due to the acquisition of Vunene Mining Group	(5)	–15,737	–15,737
Non-controlling interest in the Group due to the annual result and comprehensive income	(6)	648	–478
Accumulated other comprehensive income	(7)	1,414	1,635
Total stand-alone equity		**17,007**	**8,285**

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

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

(3) In 2012 Ichor Coal N.V. purchased further 289,957 shares in HMS Bergbau AG for a total consideration of EUR 1,669 thousand, resulting in a relative adjustment of non-controlling interest of EUR 307 thousand and capital reserves of EUR 1,362 thousand. In 2013 Ichor Coal N.V. purchased further 111,515 shares in HMS Bergbau AG for a total consideration of EUR 544 thousand, resulting in a relative adjustment of non-controlling interest of EUR 176 thousand and capital reserves of EUR 368 thousand.

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

(5) The non-controlling interest of EUR 15,737 thousand in the Group are due to the acquisition of shares in Vunene Mining (Pty) Ltd. by Ichor Coal N.V. and the subsequent first time consolidation of Vunene Mining Group.

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

(7) The comprehensive income results from translation.

Notes to the Stand-Alone Financial Statements

1. GENERAL INFORMATION

1.1 Corporate information

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

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

The stand-alone financial statements of Ichor Coal N.V. for the year ended 31 December 2013 were authorised for issue in accordance with a resolution of the directors on 27 March 2014.

1.2 Basis of preparation

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

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

Disposals

HMS Bergbau AG / HMS Niwka Coal Production Company Sp. z o.o. / Pszczyna Coal Production Company Sp. z o.o.

On 27 December 2013, Ichor Coal N.V. fully disposed of its investments in HMS Bergbau AG, HMS Niwka Coal Production Company Sp. z o.o. and Pszczyna Coal Production Company Sp. z o.o. The book value of the investment in HMS Bergbau AG of EUR 15,162 thousand exceeded the contribution received by EUR 1,371 thousand, resulting in a loss from disposal of same value. Considering the performance of the investment in the second half of the financial year, however, Management's annual impairment testing procedures for year-end purposes would have most likely lead to a write-off significantly exceeding the loss from disposal.

Furthermore, the book value of the investment in HMS Niwka Coal Production Company Sp. z o.o. and Pszczyna Coal Production Company Sp. z o.o. of EUR 1,300 thousand equaled the contribution received. However, a loan of EUR 1,089 thousand, including accrued interest, granted to HMS Niwka Coal Production Company Sp. z o.o.to has been written off as a result of the disposal of the investment.

2. SIGNIFICANT ACCOUNTING AND VALUATION METHODS

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

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

3.1 Intangible assets

The changes in intangible assets were as follows:

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

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

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

3.2 Property, plant and equipment

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

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

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

3.3 Shares in affiliates

Shares in affiliates are composed as follows:

	31 Dec. 2013 EUR k	31 Dec. 2012 EUR k
Shares in Vunene Mining (Pty) Ltd.	40,300	40,300
Shares in HMS Bergbau AG	0	14,618
Shares in HMS Niwka Sp. z o.o.	0	1,300
Shares in affiliates	**40,300**	**56,218**

On 27 December 2013, Ichor Coal N.V. fully disposed of its investments in HMS Bergbau AG, HMS Niwka Coal Production Company Sp. z o.o. and Pszczyna Coal Production Company Sp. z o.o.. For a further discussion on the disposal of the investments, please refer to note "2.1 Disposals" of the consolidated financial statements.

3.4 Investments in associates

Investments in associates of EUR 53,703 thousand solely represent the investment in Mbuyelo Coal (Pty) Ltd. For a further discussion on the increases in the Mbuyelo Coal (Pty) Ltd. shareholding please refer to note "6.3 Investments accounted for using the equity method" of the consolidated financial statements.

3.5 Other non-current financial assets

During the year, Vunene Mining (Pty) Ltd. significantly increased its mining operations by the development of three further opencast pits. The financing for the increase has been obtained though intercompany loans of EUR 14,026 thousand, including accrued interest. The loans have been granted to Vunene Mining (Pty) Ltd. on the basis of four different loan agreements, signed between March 2013 and November 2013. All loan agreements carry interest rates of South African Prime Rate plus 2.5 percent, currently totaling to 11 percent. Based on the various maturity dates of the loan agreements ranging between December 2014 until December 2016, EUR 7,775 thousand are shown as non-current and EUR 6,251 thousand as current financial assets.

3.6 Deferred tax assets and deferred tax liabilities

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

	31 Dec. 2013		31 Dec. 2012	
	Deferred tax assets EUR k	Deferred tax liabilities EUR k	Deferred tax assets EUR k	Deferred tax liabilities EUR k
Non-current financial assets	64	34	64	0
Other liabilities	0	1,435	0	261
Temporary differences	**64**	**1,469**	**64**	**261**
Tax loss carry-forwards	**1,405**	**0**	**197**	**0**
Total	**1,469**	**1,469**	**261**	**261**
Offsetting	–1,469	–1,469	–261	–261
Amounts as per balance sheet	**0**	**0**	**0**	**0**

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

	2013 EUR k	2012 EUR k
Deferred tax assets at the beginning of the period	0	0
Deferred tax liabilities at the beginning of the period	0	0
Net tax position at the beginning of the period	**0**	**0**
Deferred tax benefit/ (expense) of current year	0	150
Net tax position as of 31 December	**0**	**150**
Deferred tax assets at the end of the period	0	0
Deferred tax liabilities at the end of the period	0	0

3.7 Trade and other receivables

Trade and other receivables of EUR 400 thousand solely relate to receivables due from Vunene Mining (Pty) Ltd.

3.8 Other current financial assets

Other current financial assets are composed as follows:

	31 Dec. 2013 EUR k	31 Dec. 2012 EUR k
Receivable from the disposal of investments	12,073	0
Loan to Vunene Mining (Pty) Ltd.	6,251	0
Loan to HMS Bergbau AG	0	2,505
Loan to HMS Niwka Sp. z o.o.	0	1,034
Miscellaneous	27	21
Other current financial assets	**18,351**	**3,560**

The receivable from the disposal of investments represents the remaining balance of the sale of the investment in HMS Bergbau AG. The receivable will become due during 2014.

The loan to HMS Bergbau AG of EUR 2,505 thousand, which has been granted in 2012, has been fully repaid at the beginning of 2013. The loan of EUR 1,089 thousand, including accrued interest, granted in previous years to HMS Niwka Coal Production Company Sp. z o.o. has been written off as a result of the disposal of the investment.

3.9 Other assets

Other assets of EUR 97 thousand (2012: EUR 158 thousand) solely consist of an indemnification asset resulting from the acquisition of shares in Vunene Mining (Pty) Ltd. against one of the former shareholders.

3.10 Cash and cash equivalents

As at 31 December 2013, the company's cash and cash equivalents of EUR 7,867 thousand (2012: EUR: 12,655 thousand) solely represent cash at banks.

3.11 Equity

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

Issued capital

The issued capital of EUR 5,500,000 is divided into 55,000,000 (2012: 50,000,000) common shares, with a nominal value of EUR 0.10 each.

On 22 August 2013, Ichor Coal N.V. has issued 5,000,000 new shares with a nominal value of EUR 0.10 for a consideration of EUR 4 per share. The new shares qualify for dividends as from 1 January 2013.

The issued capital as of 31 December 2013 consisted entirely of fully paid-up ordinary shares. Each fully paid ordinary share carries the right to dividends as declared and carries the right to one vote at a shareholders meeting.

The authorised capital amounts to EUR 25,000,000 (2012: EUR 25,000,000) and is divided into 250,000,000 (2012: 250,000,000) shares, with a nominal value of EUR 0.10 each.

Capital reserves

The consideration beyond the nominal value of the shares of EUR 18,849 thousand, which has been received for the share capital increase on 22 August 2013 and after issuance cost has been recorded to Capital Reserves.

Accumulated retained earnings

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

3.12 Interest-bearing loans and borrowings

Interest-bearing loans and borrowings of EUR 110,246 thousand (non-current) and EUR 567 thousand (current), respectively, relate to EUR 80 million Convertible Bonds that have been issued by Ichor Coal N.V. in 2012 as well EUR 35 million Corporate Bonds that have been issued in 2013. We refer to note "6.13 Interest-bearing loans and borrowings" of the consolidated financial statements for further details.

3.13 Other current financial liabilities

The other current financial liability of EUR 4,291 thousand as per previous year-end represented a contingent consideration liability relating to payment obligations from the acquisition of shares in Vunene Mining (Pty) Ltd. During the year, the obligation has been settled at EUR 2,038 thousand, resulting in a release of the liability of EUR 1,639 thousand, after adjusting for foreign exchange movements.

3.14 Trade and other payables

Trade and other payables of EUR 300 thousand (2012: EUR 749 thousand) solely relate to trade payables.

3.15 Other liabilities

Other liabilities are composed as follows:

	31 Dec. 2013 EUR k	31 Dec. 2012 EUR k
Liabilities from other taxes	43	61
Accrued liabilities	355	131
Miscellaneous	2	7
Other non-financial liabilities	**400**	**199**

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

3.16 Maturity analysis of financial liabilities

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

	Carrying amount	Undiscounted cash outflows		
	31 Dec. 2013 EUR k	2014 EUR k	2015 - 2018 EUR k	2019 ff. EUR k
Interest-bearing loans and borrowings	110,813	567	115,000	0
Trade and other payables	300	300	0	0

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

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

4.1 Revenues

The revenues comprise management fees of Vunene Mining (Pty) Ltd. as well HMS Bergbau AG.

4.2 Other operating income

Other operating income is composed as follows:

	2013 EUR k	2012 EUR k
Gain on contingent liability adjustment	1,639	0
Foreign exchange gains	1,268	27
Cost reimbursements	33	126
Others	4	12
Other operating income	**2,944**	**165**

The gain on the release of contingent liability, relating to payment obligations from the acquisition of shares in Vunene Mining (Pty) Ltd. in 2012, has been recorded as a result of the settlement of the obligation EUR 1,639 thousand below book value.

4.3 Purchased services

Purchased services primarily result from investment activities in South Africa.

4.4 Personnel expenses

Personnel expenses are composed as follows:

	2013 EUR k	2012 EUR k
Wages and salaries	1,117	763
Social security	110	36
Personnel expenses	**1,227**	**799**

4.5 Other operating expenses

Other operating expenses are composed as follows:

	2013 EUR k	2012 EUR k
Foreign exchange losses	1,729	101
Loss from disposal of shares in affiliates	1,371	0
Write off of loans to affiliates	1,089	0
Legal and consulting costs	1,163	933
Travel expenses	363	382
Audit and accounting services	237	126
Advertising expenses	71	105
Transaction cost share capital increase	272	0
Listing fees	98	51
Rental and leasing expenses	39	31
Miscellaneous	131	291
Other operating expenses	**6,563**	**2,020**

4.6 Financial result

The financial result is composed as follows:

	2013 EUR k	2012 EUR k
Effective interest on Convertible Bonds	10,566	4,213
Effective interest on Corporate Bonds	1,396	0
Interest on debts and borrowings	3	127
Total interest and similar expenses	**11,965**	**4,340**
Transaction cost Convertible Bonds	0	1,255
Total finance cost	**11,965**	**5,595**

	2013 EUR k	2012 EUR k
Interest on other loans and borrowings	694	386
Total interest income	**694**	**386**
Gain on conversion option Convertible Bond	4,941	1,875
Total finance income	**5,635**	**2,261**

4.7 Income taxes

Total taxation benefit is composed as follows:

	2013 EUR k	2012 EUR k
Deferred taxes	0	–150
Income taxes	**0**	**–150**

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

	2013 EUR k	2012 EUR k
Income before income taxes	–10,627	–6,256
Tax rate	30.18%	30.18%
Expected tax (expense)/benefit	**3,207**	**1,888**
Permanent differences	1,082	0
Adjustments to carrying amounts of deferred taxes	–197	19
Unrecognized tax losses and interest carry forwards	–4,092	–2,048
Other effects	0	–9
Income taxes	**0**	**–150**

Out of the unrecognized tax losses and interest carry forwards, EUR 1,615 thousand expire not earlier than 2017 and EUR 3,749 thousand does not expire.

4.8 Earnings per share

Basic earnings per share

The basic earnings per share for the financial year 2013 amounted to EUR -0.21 (2012: -0.13). The basic earnings per share calculation is based on the profit or loss attributable to the shareholders of Ichor Coal N.V. and the number of shares outstanding during the period, adjusted by the weighted average number of own treasury shares held by the group during the period.

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

		2013	2012
Shares issued and fully paid as of 1 January	000s	50,000	50,000
Effect of share capital increase	000s	1,822	0
Effect of own treasury shares held during the period	000s	0	–667
Weighted average number of shares outstanding at 31 December	**000s**	**51,822**	**49,333**

The basic earnings per share was calculated as follows:

		2013	2012
Profit or loss attributable to shareholders of Ichor Coal N.V.	EUR k	–10,627	–6,406
Weighted average shares outstanding (000s)	000s	51,822	49,333
Basic earnings per share	EUR	–0,21	–0,13

Diluted earnings per share

During 2012, Ichor Coal N.V. issued a convertible bond of EUR 80 million, which resulted in an adjustment to the weighted average shares outstanding of 17,778 thousand (2012: 6,961 thousand). Those shares, as well as any income or loss adjustment in relation to those shares, were excluded from the computation of diluted earnings per share as their effect is anti-dilutive.

4.9 Basic principles of segment reporting and segment information

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

5. OTHER DISCLOSURES

5.1 Capital management

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

5.2 Financial risk management

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

5.3 Relationships with related parties

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

Transactions with subsidiaries and associates

During the year, Ichor Coal N.V. has entered into various loan agreements with Vunene Mining (Pty) Ltd. for mine development purposes on a basis equal to third party agreements. As per year-end, EUR 14,030 thousand, including accrued interest of EUR 525 thousand, are outstanding. Furthermore, Ichor Coal N.V. performed certain group functions, which have been reimbursed from Vunene Mining (Pty) Ltd. via a management fee of EUR 307 thousand.

In May 2013, Ichor Coal N.V. fully subscribed to an equity increase of its associate Mbuyelo Coal (Pty) Ltd. for a total consideration of EUR 21,152 thousand, thereby raising its stake to 37.64 percent.

Transactions with significant shareholders

During the year, a short term financing facility has been provided to Kore Coal Investment B.V., Netherlands, one of the shareholders of Ichor Coal N.V. The financing facility was agreed at on an arms-length basis and fully repaid during the year.

Transactions with key management personnel

For an analysis on the related party transaction with key management personnel, please refer to note "10.4 Relationships with related parties" of the consolidated financial statements.

5.4 Other financial commitments

The maturity of other financial obligations resulting from rental and lease agreements of EUR 42 thousand splits up as follows:

	31 Dec. 2013 EUR k	31 Dec. 2012 EUR k
Due within one year	42	23
Due in one to five years	0	117
Due in more than five years	0	0
Total	**42**	**140**

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

5.5 Events after the balance sheet date

On 14 March 2014, we received the second payment of EUR 3,018 thousand on the sale of the investment in HMS Bergbau AG in due time. No other events with significant influence to the financial position of IchorCoal Group which arose subsequent to the financial statement date, came to our attention.

Berlin, 27 March 2014

Nonkululeko Nyembezi-Heita
Chief Executive Officer

Andries Engelbrecht
Chief Operating Officer

Sebastian Giese
Chief Financial Officer

ADDITIONAL INFORMATION
Consolidated Statement of Financial Position in ZAR k

	31 Dec. 2013 ZAR k
Assets	
Non-current assets	
Intangible assets	57,588
Property, plant and equipment	1,269,997
Investments accounted for using the equity method	775,905
Deferred tax assets	2,888
	2,106,378
Current assets	
Inventories	26,686
Trade and other receivables	61,511
Other current financial assets	189,092
Other assets	7,723
Cash and cash equivalents	134,807
	419,819
Total Assets	**2,526,197**
Equity and liabilities	
Equity	
Issued capital	60,803
Capital reserves	351,045
Accumulated retained earnings	–48,369
Profit or loss for the year	–118,992
Accumulated other comprehensive income	75,622
Equity attributable to owners of the parent	320,109
Non-controlling interest	155,495
	475,604
Non-current liabilities	
Provisions for pensions	0
Other provisions	52,562
Interest-bearing loans and borrowings	1,591,947
Other non-current financial liabilities	18,060
Deferred tax liabilities	304,439
	1,967,008
Current liabilities	
Other provisions	14,944
Interest-bearing loans and borrowings	13,355
Other current financial liabilities	4,423
Trade and other payables	26,141
Liabilities from income taxes	3,537
Other liabilities	21,185
	83,585
Total liabilities	2,050,592
Total equity and liabilities	**2,526,197**

Consolidated Statement of Comprehensive Income in ZAR k

	1 Jan. - 31 Dec. 2013 ZAR k
Revenue	319,207
Other operating income	38,307
Changes in inventories	20,848
Purchased goods and services	–250,012
Personnel expenses	–45,663
Depreciation, amortization and impairments	–66,255
Other operating expenses	–77,462
Finance costs	–160,675
Finance income	66,049
Income from investments	10,283
PROFIT OR LOSS BEFORE INCOME TAXES	**–145,373**
Income taxes	4,814
PROFIT OR LOSS FROM CONTINUED OPERATIONS	**–140,559**
Profit or loss after tax from discontinued operations	8,691
PROFIT OR LOSS FOR THE YEAR	**–131,868**
OTHER COMPREHENSIVE INCOME	
ITEMS THAT CANNOT BE RECLASSIFIED TO PROFIT OR LOSS	
Differences from currency translation	–14,019
OTHER COMPREHENSIVE INCOME FROM CONTINUED OPERATIONS	**–14,019**
Other comprehensive income from discontinued operations	11,836
OTHER COMPREHENSIVE INCOME AFTER INCOME TAXES	**–2,182**
TOTAL COMPREHENSIVE INCOME	**–134,050**
PROFIT OR LOSS ATTRIBUTABLE TO:	
Owners of the parent	–118,992
Non-controlling interest	–12,876
	–131,868
Total comprehensive income attributable to:	
Owners of the parent	117,811
Non-controlling interest	–16,240
	–134,050
Earnings per share from continued operations in ZAR	–2.57

OTHER INFORMATION

Events after the balance sheet date

On 14 March 2014, we received the second payment of EUR 3,018 thousand on the sale of the investment in HMS Bergbau AG in due time. No other events with significant influence to the financial position of IchorCoal Group which arose subsequent to the financial statement date, came to our attention.

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.

INDEPENDENT AUDITOR'S REPORT

To: the shareholders of Ichor Coal N.V.

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements 2013 of Ichor Coal N.V., Amsterdam, which comprise the consolidated and company statement of financial position as at December 31, 2013, the consolidated and company statements of comprehensive income, changes in equity and cash flows for the year then ended and notes, comprising a summary of the significant accounting policies and other explanatory information.

Management's responsibility

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

Auditor's responsibility

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

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

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

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

Opinion with respect to the financial statements

In our opinion, the financial statements give a true and fair view of the financial position of Ichor Coal N.V. as at December 31, 2013 and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

Amsterdam, 27 March 2014
Ernst & Young Accountants LLP
signed by J.J. Vernooij

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Ichor Coal Share

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

Supervisory Board
Lars Windhorst (Chairman)
Paolo Barbieri
Edwin Eichler
Remi Grosjean