ICHOR COAL N.V. GROUP (53748662)

Consolidated Financial Statements

31 December 2019

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Report of the Supervisory Board

Dear Shareholders,

In 2019 the main focus of the Group was on the settlement of the outstanding Convertible bonds due in June 2019. This was successfully completed in 2019 and all outstanding bonds were either settled or converted into equity.

Mbuyelo Coal performed well and continued to declare dividends throughout the year.

Universal Coal turned out a solid performance for the year. Universal also declared dividends of €1 848 000 in 2019. In May 2019 Ichor Coal N.V. disposed of its entire holding of 151,660,000 shares in Universal Coal plc at a price of A$31.5c per share through a private placement to a number of institutional investors undertaken by the Company's broker in Australia.

Cooperation with the Management Board

During the period under review, the Supervisory Board performed all of its obligations required by law and the Company's articles of association. The Management Board informed us regularly, promptly and comprehensively about business policy and other fundamental issues related to corporate management and planning. Moreover, the Supervisory Board was kept informed of the financial position and development of the Company as well as transactions and events of significance. We have advised the Management Board and monitored its management of the business. Important subjects and pending decisions were discussed at regular Board meetings.

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

Annual audit and consolidated financial statements

KPMG Accountants N.V was reappointed as the auditors by the shareholders at the last annual general meeting. KPMG has audited the 2019 annual report including financial statements and management report prepared by the Management Board of Ichor Coal N.V. as at 31 December 2019 and has issued an unqualified audit opinion. The annual financial statements of Ichor Coal N.V. and the audit report from the auditors were submitted immediately upon completion to the Supervisory Board. These were discussed extensively at the Supervisory Board meeting held on 16 May 2022. After careful review, no objections were raised, and the Supervisory Board approved the annual financial statements of Ichor Coal N.V. for the year ended 31 December 2019.

Changes in the Supervisory Board

The Dutch Parliament adopted new legislation to amend the Dutch Civil Code in connection with the rules on management and supervision within public limited liability companies. The Act on Management and Supervision came into force on 1 January 2013. In 2019, Ichor Coal N.V.'s Supervisory Board did not meet the new guidelines in terms of gender diversity but is committed to striving to achieve adequate and balanced Board composition when making future appointments. This will be done considering all relevant selection criteria, including, but not limited to, gender balance and executive experience.

As at 31 December 2019, the Supervisory Board of the entity consisted of three members.

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

Berlin, 19 May 2022

For the Supervisory Board

Tarek Malak

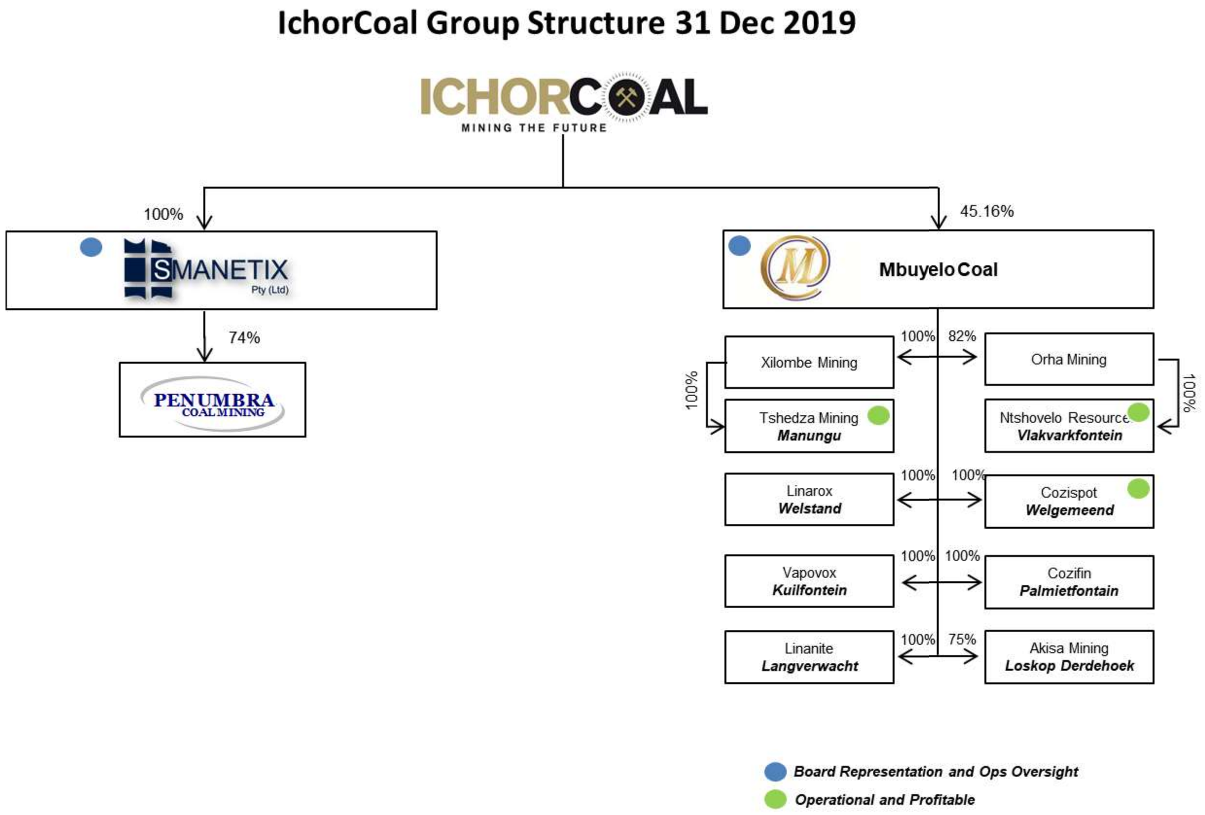
Chairman

Report of the Management Board

Group structure and activities

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

As at year-end 2019, Ichor Coal N.V. held an interest in the following entities:



Update on the sale of the investment in Penumbra

The sale agreement for Penumbra Coal Mining (Pty) Ltd ("Penumbra") was signed in 2017 and formally closed in November 2020. Consequently, Penumbra is accounted for as held for sale in the 2019 financial statements.

With the sale of Penumbra, an extensive exercise was completed to determine if the entity still qualifies to be consolidated in the 2019 financial year, as the day-to-day management of the entities transferred to the purchaser, Into Africa Mining after the signing of the sale agreements.

As per the sale agreements, risk and benefits of the operations also transferred to Into Africa Mining on the effective date of competition commission approval, which was 22 November 2017.

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

Both associate companies (Mbuyelo and Universal) in which we hold significant minority positions performed well during 2019.

Mbuyelo Coal

The group as a whole, underperformed in 2020 compared to the strong performance in 2019. Sales was down by 9% and profits by 65%.

Vlakvarkfontein - Production and sales were lower than budgeted due to the fact that a significant client, Eskom Holdings SOC Ltd, did not renew their transport agreement with the trucking companies, thus Eskom did not take any coal from Vlakvarkfontein during October, November and half of December. A new bid has been submitted for a new coal supply agreement going forward.

Manungu Colliery - The mine has enjoyed good operational performance in 2019/2020 as result of the successful completion of the final box cut extension. Sales were negatively affected by Eskom only taking the minimum quantities of the contract requirement during certain periods in 2019.

Welgemeend Colliery - Coal will continue to be supplied to Eskom as well as sold into the local domestic sized coal market after beneficiation, as well as to export markets. The export price has decreased and is only expected to recover during the latter part of 2020.

Mbuyelo Coal distributed dividends of €4 857 000 during the reporting period.

Universal Coal

On 3 May 2019, Ichor Coal announced the disposal of its entire 29% equity stake in Universal through a private placement to a number of institutional investors for a purchase consideration of AUD0.315 per share. The proceeds after transaction costs amounting to approximately AUD47 000 000 – equivalent to approximately €29 000 000 at the prevailing exchange rate – were received on the 6th of May 2019.

Universal distributed dividends of €1 848 000 in 2019.

Financial review

Analysis of consolidated statement of comprehensive income

Revenues

Reported revenues for Ichor Coal Group reached €2 780 000 in the year ended 31 December 2019 (2018: €2 676 000). Revenue achieved in the 2019 financial year was solely due to the contribution of Penumbra.

Cost of sales

Purchased goods and services amounted to €5 000 000 (2018: €4 892 000). Cost of sales, just like revenue was solely based on contributions from Penumbra.

Income from investments

The Group recorded its share in the profit/loss from its investments in associates. The associate companies recorded substantially lower contributions compared to the prior year, with the Group realising income of €4 764 000 (2018: €23 963 000). The major variance relating to income from investments can be attributed to sale of Universal Coal as well as the large dividends declared during the year 2018.

Other income

Other income amounting to €7 478 000 (2018: €13 572 000) consists mainly of management and directors' fees received at Ichor Coal Group level and an impairment reversal on Penumbra due to the classification of the asset as held for sale.

Other operating expenses

Operating expenses decreased from €21 635 000 to €2 611 000 mainly due to the unusually large foreign exchange loss included in 2018.

General and administrative expenses

General and administrative expenses decreased from €1 829 000 to €938 000.

Financial result

Finance income increased from €145 000 to €9 464 000 in the current year compared to 2018 as a result of a fair value gain realised on the derecognition of the convertible bonds in 2019. Finance costs decreased from €14 747 000 to €6 121 000 mainly due to the settlement of the convertible bonds.

Income taxes

Income tax expense for the period of €473 000 (2018: €3 558 000) arose from deferred tax liabilities being offset against unrecognised taxable losses.

Result for the year

The Group reported a profit after tax of €10 289 000 for the year ended 31 December 2019 (2018: loss €8 647 000).

<u>Analysis of consolidated statement of financial position</u>

Intangible assets

The mining right recognised with the acquisition of Penumbra Coal Mining was moved to Assets held for sale.

Property, plant and equipment

Property, plant and equipment decreased from €5 190 000 to €4 000 mainly due to Penumbra being recognised as held for sale.

Assets held for sale

Penumbra was classified as held for sale in 2019. The assets held for sale were measured at the transaction value, resulting in an impairment reversal of €7 718 000 for the year. The transaction concluded in November 2020.

Net working capital

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

The Group's net working capital as at 31 December 2019 decreased by €1 016 000. The variance between the fiscal year 2019 and 2018 can be analysed as follows:

	31 Dec 2019	**31 Dec 2018**
	€ k	€ k
Inventories	-	160
Trade and other receivables	45	2 059
Other current financial assets	187	246
Other assets	92	50
Other current financial liabilities	-445	-
Trade and other payables	-234	-1 523
Other non-financial liabilities	-619	-950
	-974	42

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

Redemption of convertible bonds

On 26 July 2019, Ichor Coal redeemed €43 100 000 of the outstanding Convertible Bonds and entered into an irrevocable undertaking with Tennor Holdings B.V. to convert its entire bond holding of €34 500 000 into ordinary shares. On 25 November 2019 Tennor Holdings B.V. converted all of the remaining Convertible bonds to ordinary shares in accordance with the terms and conditions of the Convertible Bonds at a conversion price of €0.10 per share.

As a result, the entire Convertible Bond of €77 600 000 was completely settled during 2019.

Shareholder equity

At the annual meeting of Ichor Coal shareholders held on 7 January 2019, shareholders approved a partial amendment of the articles of association of the Company. This was done in order to allow the Company to issue shares pursuant to its obligation under the terms of the convertible bonds and maintain sufficient flexibility for any future issuances. The authorised share capital was increased from the current €25 000 000 to €47 500 000, which falls within the stipulated maximum of five times the Company's issued capital allowed under Dutch law. The deed of amendment of the articles of association was subsequently executed.

Ichor Coal N.V. issued 345 000 000 shares during the year. As at year end, the issued and paid-up share capital therefore amounted to €44 018 457 (2018: €9 518 000), and the share premium amounted to €96 203 000 (2018: €96 203 000). The authorised share capital amounted to €47 500 000 divided into 475 000 000 shares with a nominal value of €0.10 each. A detailed analysis of movements in equity during the year is presented in the 'Consolidated Statement of Changes in Equity' in the Group financial statements.

Shareholder equity attributable to the owners of the parent as at 31 December 2019 amounted to a positive equity of €62 880 000 (2018: €15 568 000).

The stand-alone financial statements as at 31 December 2019 report a positive net equity of €45 431 000 (2018: negative €11 958 000) and a profit after tax for the financial year of €21 775 000 (2018: loss €15 503 000). Please refer to page 108 for the reconciliation of equity in the stand-alone financials

Financing and liquidity

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

Financial risk management policy

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

The Group manages these risks in accordance with its risk strategy to mitigate any material negative effects on the financial performance of Ichor Coal Group. A detailed description of the

Group's financial risk management is disclosed in the notes to the consolidated financial statements.

Business risks

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

Risk appetite

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

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

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

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

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

Risk Category	Category description	Risk mitigation	Risk appetite
Operational risk	The risk associated with the daily operational activities.	Management ensures that there are proper controls in place at a Company level and maintains an open communication channel with workers.	Low – moderate on a case by case basis in accordance with normal business operations
Financial risk	The risk associated with potential financial losses and the uncertainty of returns, structure of debt and cash flows	Management ensures that there are proper controls in place at a Company level and the controls are reviewed regularly	Low – moderate on a case by case basis in accordance with financing and cash flow activities
Business risk	This risk is associated with market conditions, primarily price and demand for coal in domestic and international markets. Management accepts this risk as being inherent in the industry sector in which we operate.	Management reviews the business plans in place at associate level and ensures that it gives input at board level and monitor that input regularly. Financial instruments are also used from time to time to hedge against price volatility.	Low – moderate
Environmental and compliance risk	The risks that may arise from health and safety and environmental matters, intellectual property rights, compliance with local and international laws	Management of associates ensures compliance with applicable laws and regulation, and continued education to members of staff on applicable legislation	Low

Interest rate risk	The risk that interest rates on long term borrowings can be high and unaffordable	Management reviews interest rates on long-term borrowings. Interests rates are agreed on fixed rates and management can negotiate lower rates	Low
Credit risk	The risk that the group will not be able to collect from customers and make payment to suppliers when payments are due	Management ensures that the group deposits cash with major banks which have high credit standing and limits exposure to any one counter party	Low
Liquidity risk	The risk associated with the inability to meet obligations when they fall due	Management continually monitors the operational and capital cash requirements and the availability of financial resources. One of the major liquidity risks that the Group faced was the Bond redemption in June 2019, but this was successfully completed.	Low
Commodity price risk	The risk associated with commodity prices in the international coal markets	Management teams at associate level reviews prices and where possible, fixed sale prices are negotiated and hedging instruments are considered	Low - moderate
Investment risk	The risk associated with selection of investments	Management ensures that all investment transactions are subject to due diligence and involvement of experts	Low

Please also refer to Note 10 for more information

Going concern

The 2019 financial statements have been prepared on a going concern basis. In arriving at this conclusion, a number of factors were considered as outlined below.

Financial considerations

The Group´s balance sheet shows a positive equity of approximately €62 880 000, and a profit generated during the year of €10 289 000

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

Additional to the currently available cash reserves, in the next twelve months there will be significant cash movements from the following transactions:

Sale of Penumbra

The sale of Penumbra was concluded in November 2020.

As at reporting date, Ichor Coal does not have any external liabilities other than shareholder loans to its largest shareholder, Tennor Holdings B.V. The loans have a maturity date of December 2023. The return realised from the eventual sale of Mbuyelo Coal will be utilised to settle the outstanding loan accounts.

As at May 2022, Ichor Coal's only remaining investment is Mbuyelo Coal.

Business performance

The outbreak of the COVID-19 (Coronavirus) continues to impact the global economy and markets. The Mbuyelo Coal business plan forecast assumes a continuation of current favourable market conditions with ongoing supply of coal to Eskom. The plan is constructed against a backdrop of continued reliance on coal by the electricity utility, but also exploring additional export opportunities. The associate Company has operating entities that are producing coal and are generating positive cash flow from operations.

In 2019, Mbuyelo Coal declared a total dividend of €10 500 000 of which Ichor Coal's share was €4 857 000. Universal on the other hand declared a dividend of AUD2c a share in April payable in May 2019; the pay out to Ichor Coal was €1 848 000.

Cash flow and liquidity

Ichor Coal's expenditure and cash flow forecast mainly relates to the operational expenses of the holding Company in 2022. Furthermore, the Group may continue to receive dividends from the associate company until its disposal is successfully completed. Shareholder loans of €10 408 000 mature in December 2023 and will be settled from the proceeds of the Mbuyelo Coal sale.

Management conclusion regarding the Going Concern assumption

The financial statements are compiled on a going concern basis. Management is of the opinion that with the Convertible bonds having been fully redeemed in 2019, only head office costs and shareholder loans remain to be settled. Returns from the sale of Mbuyelo Coal will be used to settled shareholders loans and head office costs will be covered with current cash reserves.

Dutch Act on management and supervision

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

The Dutch Act on Management and Supervision provides a guideline for gender diversity with no sanctions imposed for non-compliance with the guideline. The act indicates target figures for a balanced gender distribution on Boards with at least 30% occupied by women and at least 30% by men. In 2019 Ichor Coal's Supervisory Board did not meet the new guidelines in terms of gender diversity but it commits itself to striving to achieve adequate and balanced Board composition when making future appointments. This will be done taking into account all relevant selection criteria, including but not limited to gender balance and executive experience.

Composition of the Management Board

Pursuant to Dutch Law it is required that the Management Board contain a minimum of 30% male and 30% female Board members. Ichor Coal fulfilled these criteria as the Management Board reflects a 50/50 split between female and male members of the Board for the period up to October 2018 when Andries Engelbrecht resigned. Since October 2018, the management board consisted of only one female member, until June 2020 when Nonkululeko Nyembezi resigned and Reinhardt van Wyk was appointed. The Company believes that as currently constituted, the Management Board has the experience, expertise and background and appropriate independence and judgment that will allow the Board to fulfil its responsibilities and operate effectively.

Compliance statement

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

Other than the items mentioned above, the Management Board hereby declares that to the best of its knowledge, the financial statements for the year ended 31 December 2019 give a true and fair view of the assets, liabilities, financial position and profits or losses of Ichor Coal N.V. , that this report gives a true and fair view of the position on the reporting date as well as of the development and performance of the Company during the 2019 financial year and that the principal risks facing the Company have been adequately described herein.

Forward looking statements

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

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

Payments to Government

Bonus payments

These are payments for bonuses. Such payments are more common to the oil and gas industry whereby bonuses may be paid to a government upon signing an agreement or a contract, or when a commercial discovery is declared, or production has commenced or reached a milestone.

Dividends

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

Import duties

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

Income taxes

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

Infrastructure improvement projects

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

Licence fees

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

Local government levies

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

Payroll related taxes

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

Production entitlements

These include a host government's share of production in the reporting period derived from projects we operate. This includes the government's share as a sovereign entity or through its participation as an equity or interest holder in projects within its home country. In certain contractual arrangements, for example production sharing contracts which are more common to the oil and gas industry, a government through its participation interest may contribute funding of capital and operating expenditure to projects, from which it derives production entitlement to cover funding costs.

Royalties

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

Net indirect taxes

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

Withholding tax

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

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

Research and Development

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

Remuneration of Managing and Supervisory Directors

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

Remuneration of the directors is as per table below:

Name	**Board fees €k**	**Share based payments €k**	**Short term compensation €k**	**Total €k**
Nonkululeko Nyembezi	-	-	572	**572**
Paolo Barbieri	9	-	-	**9**
Total	**9**	**-**	**572**	**581**

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

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

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

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

The internal organisation and staffing level

As at end 2018, Ichor Coal at Company level had a total of 4 employees with the following designations:

Designation	Number
Chief executive officer	1
Support and admin staff	2
Professional	1

Subsequent events

During 2017, Management accepted an offer to sell Ichor Coal's entire 74% interest in Penumbra Coal Mining at a purchase consideration of €3 500 000. The sale of Penumbra was concluded in November 2020.

After 7 years as Ichor Coal Chief Executive Officer and member of the Management Board, Nonkululeko Nyembezi resigned from the Company with effect from 30 June 2020.

COVID-19 (Coronavirus) continues to impact the global economy and markets. The effects of Coronavirus on our Company has been limited. However, the virus did negatively impact our customers, supply chain, workforce and operations of our facilities, our markets and our liquidity. Accordingly, we are closely evaluating the developments and will take necessary actions. Based on our current knowledge and available information, we do not expect Covid-19 to have an impact on the Company's ability to continue as a going concern in the future, since we have sufficient cash for the operational expenses of the Company for at least the next 12 months and there are no significant external liabilities that fall due within the next 12 months.There were no further subsequent events.

Pretoria, 19 May 2022

Reinhardt van Wyk
Temporary Representative entrusted with the management of Ichor Coal NV

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	31 Dec 2019 € k	31 Dec 2018 € k
Assets			
Non-current assets			
Intangible assets	6.1	20	4 227
Property, plant and equipment	6.2	4	5 190
Equity-accounted investees	6.3	62 405	90 330
Other financial assets		121	3 219
Deferred tax assets	6.4	-	-
		62 550	**102 966**
Current assets			
Assets held for sale	6.10	22 289	-
Inventories	6.5	-	160
Trade and other receivables	6.6	45	2 059
Other current financial assets	6.7	187	246
Other assets	6.8	92	50
Cash and cash equivalents	6.9	3 061	10 919
		25 674	**13 434**
Total Assets		**88 224**	**116 400**
Equity and liabilities			
Equity			
Share capital	6.11	44 018	9 518
Share premium	6.11	96 203	96 203
Legal reserve participations		19 103	35 177
Share based payment reserves	6.11	1 200	1 501
Retained earnings	6.11	-96 068	-91 007
Other reserves	6.11	-8 330	-11 154
Result for the year	6.11	6 754	-24 670
Equity attributable to owners of the parent		**62 880**	**15 568**
Non-controlling interest	6.11	-	0
Total equity		**62 880**	**15 568**
Non-current liabilities			
Provisions	6.12	-	3 739
Interest-bearing loans and borrowings	6.13	-	-
Other non-current financial liabilities	6.14	10 408	7 061
Deferred tax liabilities	6.4	-	1 001
		10 408	**11 801**
Current liabilities			
Liabilities held for sale	6.10	12 854	-
Current provisions	6.12	-	159
Interest-bearing loans and borrowings	6.13	784	86 399
Other current financial liabilities	6.14	445	-
Trade and other payables	6.15	234	1 523
Other liabilities	6.16	619	950
		14 936	**89 031**
Total liabilities		**25 344**	**100 832**
Total equity and liabilities		**88 224**	**116 400**

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	31 Dec 2019 € k	31 Dec 2018 € k
Revenue	7.1	2 780	12 164
Cost of sales	7.2	-5 000	-15 886
Gross profit		**-2 220**	**-3 722**
Other income	7.4	7 478	13 572
Other operating expenses	7.5	-2 611	-27 377
General and administrative expenses	7.6	-938	-4 040
Operating profit or loss		**1 709**	**-21 567**
Share of profit from equity accounted investees	7.3	4 764	23 963
Finance income	7.7	9 464	146
Finance costs	7.7	-6 121	-14 747
Profit or loss before income taxes		**9 816**	**-12 205**
Income tax expense	7.8	473	3 558
Profit or loss from continuing operations		**10 289**	**-8 647**
Profit or loss for the year		**10 289**	**-8 647**
Other comprehensive income			
Items that can be reclassified to profit or loss			
Foreign currency translation differences	7.9	2 824	-5 922
Other comprehensive income from continuing operations		**2 824**	**-5 922**
Other comprehensive income after income taxes		**2 824**	**-5 922**
Total comprehensive income		**13 113**	**-14 569**
Profit or loss attributable to:			
Owners of the parent		10 289	-8 647
Non-controlling interest		-	-
		10 289	**-8 647**
Total comprehensive income attributable to:			
Owners of the parent		13 113	-14 569
Non-controlling interest		-	-
		13 113	**-14 569**
Basic earnings/ Diluted earnings per share from operations attributable to owners of parent	7.10	**0.02**	**-0.09**

The accompanying notes form part of these financial statements.

ICHOR COAL N.V. GROUP 53748662

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

		Equity attributable to owners of the parent								Non-controlling interest	
		Share Capital			Profit or loss for the period						
		Ordinary shares	Share premium	Retained earnings	Continuing operations	Foreign Currency Translation Reserve	Share Based Payment	Legal Reserve	Total	Continuing operations	Total equity
	Note	€ k	€ k	€ k	€ k	€ k	€ k		€ k	€ k	€ k
1 Jan 2019		**9 518**	**96 203**	**-91 007**	**-24 670**	**-11 154**	**1 501**	**35 177**	**15 568**	**0**	**15 568**
Appropriation of prior year results	6.11			-24 670	24 670	-			-	-	-
Share Capital increase	6.11	34 500	-	-	-	-	-	-	34 500	-	34 500
Transfer to legal reserve participations		-	-	19 609	-3 535	-	-	-16 074	-	-	-
Result for the period	6.11	-	-	-	10 289	-	-	-	10 289	-	10 289
Other comprehensive income - Equity accounted investments		-	-	-	-	406	-	-	406	-	406
Other comprehensive income - FCTR	6.11	-	-	-	-	2 418	-	-	2 418	-	2 418
Total comprehensive income		-	-	**19 609**	**6 754**	**2 824**	**-**	**-16 074**	**13 113**	**-**	**13 113**
Conversion of Ichor Coal N.V. Convertible Bonds		-	-	-	-	-	-	-	-	-	-
Share capital increase		-	-	-	-	-	-	-	-	-	-
Share based Payment	6.11	-	-	-	-	-	-301	-	-301	-	-301
		-	-	-	-	-	-301	-	-301	-	-301
31 Dec 2019	6.11	**44 018**	**96 203**	**-96 068**	**6 754**	**-8 330**	**1 200**	**19 103**	**62 880**	**-**	**62 880**

The accompanying notes form part of these financial statements.

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

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

ICHOR COAL N.V. GROUP 53748662

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

		Equity attributable to owners of the parent								Non-controlling interest	
		Share Capital			Profit or loss for the period						
	Note	Ordinary shares	Share premium	Retained earnings	Continuing operations	Foreign Currency Translation Reserve	Share Based Payment	Legal Reserve	Total	Continuing operations	Total equity
		€ k	€ k	€ k	€ k	€ k	€ k		€ k	€ k	€ k
1 Jan 2018		**9,518**	**96,203**	**-86,764**	**34,700**	**-17,775**	**1,412**	**19,154**	**56,448**	**1,287**	**57,735**
Appropriation of prior year results	6.11			34,700	-34,700	-			-	-	-
Deconsolidation Vunene		-	-	-38,943	-	12,543	-	-	-26,400	-1,287	-27,687
Transfer to legal reserve participations		-	-	-	-16,023	-	-	16,023	-	-	-
Result for the period	6.11	-	-	-	-8,647	-	-	-	-8,647	-	-8,647
Other comprehensive income - Equity accounted investments		-	-	-	-	-550	-	-	-550	-	-550
Other comprehensive income - FCTR	6.11	-	-	-	-	-5,372	-	-	-5,372	-	-5,372
Total comprehensive income		-	-	-	**-24,670**	**-5,922**	-	**16,023**	**-14,569**	-	**-14,569**
Share based Payment	6.11	-	-	-	-	-	89	-	89	-	89
		-	-	-	-	-	89	-	89	-	89
31 Dec 2018	6.11	**9,518**	**96,203**	**-91,007**	**-24,670**	**-11,154**	**1,501**	**35,177**	**15,568**	-	**15,568**

The accompanying notes form part of these financial statements.

For changes in non-controlling interest during the financial year 2018, refer also to note 10.4: ‘Relationships with related parties’.

The profit for the year from continuing operations is made up from €8 647 000 less the amount related to the share of profit of the equity accounted investees, €16 023 000, which is transferred to the legal reserve.

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ICHOR COAL N.V. GROUP 53748662

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

		31 Dec 2019	31 Dec 2018
		€ k	€ k
Profit or loss for the period		**10 289**	**-8 647**
Adjustments for:			
Depreciation, amortization and impairments		-6 615	9 876
Profit or loss from investments in associates	6.3	-4 764	-23 963
Dividend income	6.3	6 705	7 940
Profit on sale of assets		406	-
Sharebased payment expense		-301	89
Gain or loss on conversion component of Convertible Bonds	6.13	-8 204	3 674
Other interest on debts and borrowings		448	479
Interest on Convertible and Corporate Bonds	6.13	5 317	9 385
Interest paid	6.13	-1 862	-3 407
Changes due to foreign currency movement		-2 705	8 437
Interest income		-302	-7
Other non-cash items		236	-1 866
Changes in:			
Deferred taxes	6.4	-473	-3 558
Inventory		-739	-168
Trade and other receivables		847	-1 465
Trade and other payables		-194	782
Provisions		-91	501
Cash flow from operating activities		**-2 002**	**-1 918**
Proceeds from disposals of intangible assets and property, plant and equipment		6	-
Proceeds from disposals of consolidated subsidiaries, less cash given up in the exchange	6.10	29 413	9 604
Purchases of intangible assets and property, plant and equipment		-32	-1
Purchases of investments in associates and other non-current financial assets movements		-20	597
Cash flow from investing activities		**29 367**	**10 200**
Proceeds from interest-bearing loans and borrowings received		6 528	1 444
Repayments of interest-bearing loans and borrowings received		-41 572	-
Cash inflow from interest-bearing loans and borrowings given			-
Cash outflow from interest-bearing loans and borrowings given		-179	-
Cash flow from financing activities		**-35 223**	**1 444**
Cash flow-related changes in cash and cash equivalents		**-7 858**	**9 726**
Changes in cash and cash equivalents due to exchange rates		-	-125
Cash and cash equivalents at beginning of period		10 919	1 318
Cash and cash equivalents at end of period	6.9	**3 061**	**10 919**

The accompanying notes form part of these financial statements.

Notes to the Consolidated Financial statements

1 General Information

Corporate information

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

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

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

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

The financial statements were approved by the Supervisory Board for issuance on 16 May 2022.

2 Basis of preparation

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

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

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

Going concern

The 2019 financial statements have been prepared on a going concern basis. In arriving at this conclusion, a number of factors were considered as outlined below.

Financial considerations

The Group´s balance sheet shows a positive equity of approximately €62 880 000 and a profit generated during the year of €10 289 000.

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

Additional to the currently available cash reserves, in the next twelve months there will be significant cash movement from the following transactions:

Sale of Penumbra

The sale of Penumbra was concluded in November 2020.

As at reporting date, Ichor Coal does not have any external liabilities other than shareholder loans to its largest shareholder, Tennor Holdings B.V. The loans have a maturity date of December 2023. The return realised from the eventual sale of Mbuyelo Coal will be utilised to settle the outstanding loan accounts.

As at May 2022, Ichor Coal's only remaining investment is Mbuyelo Coal.

Business performance

The outbreak of the COVID-19 (Coronavirus) continues to impact the global economy and markets. The Mbuyelo Coal business plan forecast assumes a continuation of current favourable market conditions with ongoing supply of coal to Eskom. The plan is constructed against a backdrop of continued reliance on coal by the electricity utility, but also exploring additional export opportunities. The associate Company has operating entities that are producing coal and are generating positive cash flow from operations.

In 2019, Mbuyelo Coal declared a total dividend of €10 500 000 of which Ichor Coal's share was €4 857 000. Universal declared a dividend of AUD2c a share in April payable in May 2019; the pay out to Ichor Coal was €1 848 000.

Cash flow and liquidity

Ichor Coal's expenditure and cash flow forecast mainly relates to the operational expenses of the holding Company in 2022. Furthermore, the Group may continue to receive dividends from the associate company until its disposal is successfully completed. Share holder loans of €10 408 000 mature in December 2023 and will be settled from the proceeds of the Mbuyelo Coal sale.

Management conclusion regarding the Going Concern assumption

The financial statements are compiled on a going concern basis. Management is of the opinion that with the Convertible bonds having been fully redeemed in 2019, only head office costs and shareholder loans remain to be settled. Returns from the sale of Mbuyelo Coal will be used to settled shareholders loans and head office costs will be covered with current cash reserves.

Accounting policies

The accounting policies applied by the Group in these consolidated financial statements are the same as those applied by Ichor Coal in its annual financial statements as at 31 December 2018.

The financial year of the Group and all subsidiary companies included in the consolidated financial statements corresponds to the calendar year, i.e. from 1 January to 31 December, except for the financial year of the subsidiary Penumbra Coal Mining and associates Mbuyelo Coal and Universal, which have June, February and June year ends respectively. The consolidated financial statements relate to the period from 1 January 2019 to 31 December 2019. The consolidated financial statements include the results of Mbuyelo Coal and Universal accounted for using the equity method. Penumbra Coal has been included in the consolidated financial statements for a whole financial year even though management control of the company is already in the hands of the purchaser.

Financial and Presentation currency

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

Basis of consolidation

The consolidated financial statements comprise Ichor Coal N.V. and its subsidiaries and associates as at 31 December 2019.

Subsidiaries

Subsidiaries are entities on which the Company is able to exercise control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has all of the following:

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

- The ability to use its power over the investee to affect its returns

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

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

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

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

Associates

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

Changes in ownership

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

Non-controlling interest

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

Loss of control

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

Transaction eliminated on consolidation

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

Companies included in the consolidated financial statements

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

Company	**Country of incorporation**	**31 Dec 2019 Shareholding in %**	**31 Dec 2018 Shareholding in %**
Ichor Coal N.V.	Netherlands		
Subsidiaries			
Ismanetix (Pty) Ltd	South Africa	100.00	100.00
Penumbra Coal Mining (Pty) Ltd**	South Africa	100.00	100.00
Associates			
Mbuyelo Coal (Pty) Ltd	South Africa	45.16	45.16
Akisa Mining (Pty) Ltd ***	South Africa	33.87	33.87
Xilombe Mining (Pty) Ltd***	South Africa	45.16	45.16
Tshedza Mining Resources (Pty) Ltd***	South Africa	45.16	45.16
Orha Mining Resources (Pty) Ltd***	South Africa	37.03	37.03
Ntshovelo Mining Resources (Pty) Ltd***	South Africa	37.03	37.03
Linanite (Pty) Ltd***	South Africa	45.16	45.16
Cozifin (Pty) Ltd***	South Africa	45.16	45.16
Vapovox (Pty) Ltd ***	South Africa	45.16	45.16
Mavungwani Colliery (Pty) Ltd***	South Africa	21.14	21.14
Welstand Colliery (Pty) Ltd***	South Africa	45.16	45.16

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

3 ACCOUNTING POLICIES

3.1 Foreign currency translation

Foreign currencies

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

Transactions in foreign currencies

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

Translation of separate financial statements denominated in foreign currency

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

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

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

1 Euro in foreign currency	**Average exchange rate**	**Average exchange rate**	**Exchange rate at reporting date**	
	2019	**2018**	**31 Dec 2019**	**31 Dec 2018**
SA Rand (Ichor Coal NV, Penumbra	16.18	15.62	15.73	16.48
AU Dollar (Ichor Coal NV	1.61	1.58	1.60	1.62

3.2 Business combinations and goodwill

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

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

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

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the contingent consideration are recognised in profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for any existing ownership of the Company over the fair value of the identifiable net assets acquired and liabilities assumed. If the fair value of the identifiable net assets acquired is in excess of the aggregate consideration transferred, the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of annual impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units (CGUs) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

3.3 Property, plant and equipment

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

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

Development costs

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

Mining assets

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

Mining exploration costs

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

Mining right, authorisation and surface lease

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

Initial recognition

Upon completion of the mine construction phase, the assets are transferred into "property, plant and equipment". Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to brining the asset into operation, and the initial estimate of the rehabilitation obligation.

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

Measurement subsequent to initial recognition

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

Depreciation

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

Land

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

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

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

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

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

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

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

Impairment

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

	Useful life in years	Depreciation method used
Leasehold improvements	Life of Mine	Units of production
Technical equipment and machinery	Life of Mine	Units of production
Other operational and office equipment	3	Straight line
Mine assets	Life of Mine	Units of production

Intangible assets

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

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

Item	Useful life	Amortisation method
Software	Three years	Straight line

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

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

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

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

Impairment of non-financial assets

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

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

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

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

Assets held for sale

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

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

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

Financial instruments

Recognition and initial measurement

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

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

Classification and subsequent measurement

Financial assets

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

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

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

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

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

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

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

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

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

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

Financial assets – Business model assessment

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

The information considered includes:

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

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

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

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

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

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

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

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

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

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

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

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

Financial assets – Subsequent measurement and gains and losses

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

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

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

Financial liabilities – Classification, subsequent measurement and gains and losses

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

iii. Derecognition

Financial assets

The Group derecognises a financial asset when:

– the contractual rights to the cash flows from the financial asset expire; or

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

- substantially all of the risks and rewards of ownership of the financial asset are transferred; or

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

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

Financial liabilities

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

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

iv. Offsetting

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

v. Derivative financial instruments and hedge accounting

Derivative financial instruments and hedge accounting

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

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

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

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

Cash flow hedges

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

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

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

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

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

Net investment hedges

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

Inventories

Inventories are physically measured or estimated and valued at the lower of cost and net realisable value. Net realisable value is the estimated future sales price of the product the entity expects to realise in the ordinary course of the business when the product is processed and sold, less the estimated cost of completion and the estimated cost necessary to make the sale. Where the time value of money is material, these future prices and costs to complete are discounted. The cost is determined on the basis of weighted average cost When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs.

Leases

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

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

Company as lessee

A lease liability and corresponding right-of-use asset are recognised at the lease commencement date, for all lease agreements for which the company is a lessee.
The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated to each lease component on the basis of the relative stand-alone prices of the lease components and the aggregate stand-alone price of the non-lease components (where non-lease components exist).

Company as lessor

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

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

Finance leases

Amounts due from lessees are recognised from commencement date at an amount equal to the company net investment in the lease. They are presented as lease receivables (note 6) on the statement of financial position.

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

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

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

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

Cash and cash equivalents

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

Share Capital

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

Convertible Bonds

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

The convertible bonds contract contains an embedded derivative, therefore the initial recognition has a portion of equity option (conversion) component and the loan liability component. The fair value of the equity component is determined using an option price model.

The carrying amount of the equity component is remeasured in subsequent years and recorded at fair value through profit and loss until it is extinguished on conversion or redemption. The loan liability component is held at amortized cost. An effective interest rate was calculated based on the fair value of the loan liability at inception and subsequent contractual coupon payments.

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

Provisions

Rehabilitation provisions

Provisions are recognised when:

- the company has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

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

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

Provisions are not recognised for future operating losses.

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

Contingent assets and contingent liabilities are not recognised.

Provision for rehabilitation and closure costs

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

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

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

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

Changes to estimated future costs are recognised in the statement of financial position by either increasing or decreasing the rehabilitation liability and asset to which it relates or by recognising an expense in the statement of profit and loss. The Group records the present value of estimated costs of legal and constructive obligations required to restore mining and other operations in the period in which the obligation is incurred. The nature of these restoration activities includes dismantling and removing structures, rehabilitating mines and tailings dams, dismantling operating facilities, closure of plant and waste sites, restoration, reclamation and revegetation of affected areas. The obligation generally arises when the “Mine development asset” is installed or the ground/environment is disturbed at the mining production location.

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

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

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

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

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

Other provisions

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

Taxes

Current Taxes

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

Deferred taxes

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred income tax liabilities are recognised for all taxable temporary differences, except:

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

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

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

reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

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

Revenue from contracts with customers

The Group recognises revenue from the following major sources:

Sales of goods – coal

Revenue from the sale of goods is recognised when control of the goods has transferred, which is considered to occur as determined by customer offtake arrangements and delivery terms for the supply of coal in line with the international Inco-terms which varies according to the terms of the contracts. Majority of the export sales are shipped free-on-board. At this point the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the commodities and the costs incurred, or to be incurred, in respect of the sale can be reliably measured.

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

Borrowing costs

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

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

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

4 Accounting estimates and assumptions

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

4.1 Coal resource estimates

For accounting purposes, the Group estimates its South African coal reserves and resources in line with the “South African Code for the reporting of exploration results, mineral resources and mineral reserves” (SAMREC Code), which is prepared by the South African Mineral Resource Committee. The SAMREC code requires the use of information, compiled by appropriately qualified persons, relating to the geological and technical data on the size, depth, shape and grade of the coal body and suitable production techniques and recovery rates. Further, the SAMREC Code requires estimates of foreign exchange rates, commodity prices, future capital requirements and production costs. Due to the change of such information over time as well as additional data are collected, estimates of reserves and resources may change and may subsequently affect the financial results and positions of the Group, including:

- The carrying value of exploration and evaluation assets, mine properties, property, plant and equipment, and goodwill may be affected due to changes in estimated future cash flows
- Depreciation and amortisation charges in profit or loss may change where such charges are determined using the units of production method, or where the useful life of the related assets change
- Provisions for rehabilitation and environmental provisions may change where changes to the reserve estimates affect expectations about when such activities will occur and the associated cost of these activities
- Contingent liabilities may change were the level of future obligations and economic outflows are based on reserve estimates

4.2 Exploration and evaluation expenditures

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

4.3 Units of production depreciation

Estimated economically recoverable reserves are used in determining the depreciation of mine specific assets proportional to the depletion of the anticipated remaining life of mine production. Each item's life, which is assessed annually, has limitations resulting from both its physical life and the present assessment of economically recoverable reserves to which the asset is related. This requires the use of estimates and assumptions, including the amount of recoverable reserves and estimates of future capital expenditure.

4.4 Mine rehabilitation provision

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

4.5 Impairment of assets

The Group assesses each asset or cash generating unit (CGU) in each reporting period to determine whether any indication of impairment exists. These assessments require the use of estimates and assumptions such as commodity prices, discount rates, operating costs, future capital requirements, closure and rehabilitation costs, exploration potential, reserves and resources and operating performance. These estimates and assumptions are subject to risk and uncertainty. Therefore, there is a possibility that changes in circumstances will impact these projections, which may impact the recoverable amount of assets and/or CGUs.

4.6 Recovery of deferred tax assets

Deferred tax assets require Management to assess the likelihood that the Group will generate sufficient taxable earnings in future periods in order to utilise recognised deferred tax assets. This requires estimates of future taxable income based on forecasted cash flows as well as judgement about the application of existing tax legislation in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the net deferred tax assets recorded at the reporting date could be adversely impacted.

4.7 Inventories

Inventory stockpiles are measured by appropriately qualified persons, applying surveying methodologies, which consider the size and grade of the coal stockpile. The estimated recovery percentage is based on the expected processing method. In addition, net realisable value tests are performed at each reporting date and represent the estimated future sales price of the run-of-mine (ROM) coal the entity expects to realise when the ROM coal is processed and sold, less estimated costs to bring the ROM coal to sale. There was no inventory write down in 2019.

4.8 Fair value measurement

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

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

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

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

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

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

4.9 Contingencies

Management assesses the existence and the economic effects of contingencies at each reporting date. The estimate of the economic effect is based on the outcome and the possibly resulting obligation and outflow of economic benefits.

4.10 Share based payment reserve

The Company issued stock options to the managing directors of the Company as a long-term incentive scheme. The option agreements have a term of 10 years from the date of the agreement and vest over a period of 3 years in 3 equal instalments at the end of each calendar year from the agreements. The options may be exercised at any time during the term. At the end of the term the options expire.

In transactions with employees and others providing similar services the entity shall measure the fair value of the services received by reference to the fair value of the equity instruments granted, because typically it is not possible to estimate reliably the fair value of the services received. The term “employees and others providing similar services” is defined as follows: Individuals who render personal services to the entity and either (a) the individuals are regarded as employees for legal or tax purposes, (b) the individuals work for the entity under its direction in the same way as individuals who are regarded as employees for legal or tax purposes, or (c) the services rendered are similar to those rendered by employees.

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

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

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

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

5 New and amended standards and interpretations

5.1 Changes in accounting policies and interpretations

There were no changes in accounting policies during the 2019 financial year. The accounting policies applied by the Group in these consolidated financial statements are the same as those applied by the Group in its annual financial statements as at 31 December 2018, except as mentioned below.

5.2 Standards and interpretations adopted during the year

IFRS 16 Leases

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

Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

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

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases. IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17. IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies IFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs. The Group is has assessed the impact of the new standard and found that IFRS 16 will have no significant impact form 1 Jan 2019 onwards. The modified retrospective approached was selected, however, as the leases were finance leases in nature and substance, the lessor had no need to adjust the opening balance of retained earnings. No small/short term lease assets exist – thus no exemptions provided are used.

5.3 Standards and interpretations issued but not yet effective

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

Standard	**2020**	**2021**
Amendments to References to Conceptual Framework in IFRS Standards	**X**	
Definition of Material (Amendments to IAS 1 and IAS 8)	**X**	
Definition of a Business (Amendments to IFRS 3)	**X**	
Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)	**X**	
COVID-19-Related Rent Concessions (Amendment to IFRS 16)	**X**	
Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)		**X**

6 NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

6.1 Intangible assets

The changes in intangible assets were as follows:

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

	Purchased rights	Exploration and Evaluation Asset	Mining right	Customer Relationship	Total
	€ k	**€ k**	**€ k**	**€ k**	**€ k**
Acquisition or production cost					
1 Jan 2018	24	-	22 965	3 317	26 306
Deconsolidation				- 3 189	- 3 189
Effect of translation to presentation currency	- 4	-	- 2 347	- 128	- 2 479
31 Dec 2018	**20**	**-**	**20 618**	**-**	**20 638**
Amortization and impairments					
1 Jan 2018	3	-	18 278	3 317	21 598
Deconsolidation				- 3 189	- 3 189
Effect of translation to presentation currency	- 2	-	- 1 868	- 128	- 1 998
31 Dec 2018	**1**	**-**	**16 410**	**-**	**16 411**
Carrying amounts					
31 Dec 2018	**19**	**-**	**4 208**	**-**	**4 227**
1 Jan 2018	21	-	4 687	-	4 708

Assets held for sale

Assets relating to Penumbra have been classified as held for sale for the 2019 year. More details on assets held for sale are presented in note 6.10.

Purchased rights

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

Impairment testing

Impairment indicators existed at year end and an impairment assessment was completed to determine the extent of the possible impairment.

Indicators included, but were not limited to:

- The Group has been reporting losses year-on-year.
- Increase in cost base due to year-on-year increases in labour and mining costs.
- Carrying amounts of certain assets were identified to be higher than the recoverable amount.

Determining recoverable amount

Management used the purchase price of Penumbra as a fair value in determining the reversal of impairment for the year.

6.2 Property, plant and equipment

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

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

	Mine Assets	Land and Buildings	Technical equipment and machinery	Other equipment, operational and office equipment	Total
	€ k	€ k	€ k	€ k	€ k
Acquisition or production cost					
1 Jan 2018	52,173	328	4,921	206	57,628
Additions	-	-	-	1	1
Disposals	- 276	-	- 2,735	-	- 3,011
Deconsolidation	- 43,707	-	-	-	- 43,707
Effect of translation to presentation currency	- 5,321	- 33	- 360	- 21	- 5,735
31 Dec 2018	**2,869**	**295**	**1,826**	**186**	**5,176**
Depreciation and impairments					
1 Jan 2018	48,714	3	- 293	145	48,569
Additions - depreciation	41	4	24	28	97
Deconsolidation	- 43,707	-	-	-	- 43,707
Effect of translation to presentation currency	- 4,986	-	29	- 16	- 4,973
31 Dec 2018	62	7	- 240	157	- 14
Carrying amounts					
31 Dec 2018	**2,807**	**288**	**2,066**	**29**	**5,190**
1 Jan 2018	3,459	325	5,214	61	9,059

Mine assets

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

6.3 Equity accounted investments

Investment in Universal Coal plc

As at 31 December 2019, Ichor Coal had no ordinary shares in Universal and the carrying value of the investment was €NIL (2018: €29 473 165). The Group's share of the profit by the entity for the period January 2018 to May 2019 was €1 228 931 and share of other comprehensive income €405 709

Carrying amount as at 31 Dec 2018	29 473 165
Share of profit	1 228 931
Share of OCI	405 709
Dividend received	(1 847 802)
Disposal	(29 561 001)
Loss on disposal	(409 369)
Foreign currency movement	710 367
Carrying amount as at 31 Dec 2019	-

On 3 May 2019, Ichor Coal announced the disposal of its entire 29% equity stake in Universal through a private placement to a number of institutional investors for a purchase consideration of AUS0.315 per share. The proceeds after transaction costs amounting to AUD47 000 000 –

equivalent to approximately €29 000 000 at the prevailing exchange rate – were received on the 6th of May 2019.

	31 Mar 2019	31 Dec 2018
	€ k	€ k
Current assets	72 448	59 105
Non-Current assets	162 199	156 640
Total assets	234 647	215 745
Current liabilities	37 689	36 448
Non-current liabilities	68 384	57 231
Total liabilities	106 073	93 679
Equity	128 574	122 066
Revenue	74 405	240 834
Profit/(loss) after tax	4 235	55 028
Other comprehensive income	1 398	- 1 894
Total comprehensive income	5 633	53 134

Investment in Mbuyelo Coal

The Group's share of profits of Mbuyelo Coal for the reporting period was €3 535 433 (2018: €7 997 012). Mbuyelo Coal declared and paid dividends with the Company's share of the dividend amounting to €4 857 291 (2018: €6 071 494).

As at 31 December 2019, the carrying value of the investment in Mbuyelo Coal was €62 405 173 (2018: €60 856 646). The increase in the carrying amount of the investment is mainly due to foreign exchange movement in the financial year 2019.

Carrying amount as at 31 Dec 2018	60 856 646
Share of profit	3 535 433
Dividends received	(4 857 291)
Foreign currency movement	2 870 385
Carrying amount as at 31 Dec 2019	62 405 173

An impairment assessment was performed on 31 December 2019 for the investment in Mbuyelo Coal, taking into account the economic and market conditions in the coal industry. Upon the assessment, substantial improvements in Mbuyelo Coal were observed, including significant growth and performance of the assets within the Mbuyelo Coal group. Given the significant performance improvement, there was no impairment indicated relating to the investment.

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

- an estimate of the future cash flows the entity expects to derive from the asset
- a discount rate of 13.9%

Summarised 28 February 2020 financial statement information of Mbuyelo Coal, which is not adjusted for the percentage of ownership held by the Company, is disclosed below:

Year end Report	28-Feb-20 € k	28-Feb-19 € k
Current assets	28 168	39 782
Non-current assets	136 356	134 222
Total Assets	**164 524**	**174 004**
Equity	86 982	86 630
Current liabilities	23 450	31 738
Non-current liabilities	54 091	55 636
Total liabilities	**77 541**	**87 374**
Total equity and liabilities	**164 523**	**174 004**
Revenue	173 000	196 906
Profit(loss) after tax	7 074	21 069
Total comprehensive income(loss) for the period	**7 074**	**21 069**

6.4 Deferred tax

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

	31 Dec 2019		31 Dec 2018	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
	€ k	€ k	€ k	€ k
Property, plant and equipment	-	-	-	-
Non-current financial assets	-	-	-	-
Other asets	-	-	-	1 001
Temporary differences	**-**	**-**	**-**	**1 001**
Tax loss carry-forwards	-	-	-	-
Total	**-**	**-**	**-**	**1 001**
Forex differences	-	-	-	-
Amounts as per balance sheet	**-**	**-**	**-**	**1 001**

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

During 2018 it was identified that the deferred tax liability of €2 601 000 which was created in 2015 as part of the IFRS3 Business combination of Penumbra, should have been adjusted downward as part of an impairment that was accounted for in 2016. This is corrected in 2018 by the downward adjustment of the deferred tax liability with €2 179 000.

The Company did not recognise deferred tax assets of €2 453 049 (2018: € 2 465 193) in respect of losses amounting to €8 448 453 (2018: €8 804 261) that can be carried forward against future taxable income. Deferred tax assets at Penumbra level was disregarded for this disclosure as the entity was sold and the assets would not be used by the Group.

6.5 Inventories

There was no inventory for the year. Coal stockpiles at Penumbra is included in Assets held for sale.

6.6 Trade and other receivables

Trade and other receivables as at 31 December 2019 amounted to €45 000 (2018: €2 059 000). There are no valuation allowances recorded for doubtful trade receivables in 2019 and 2018 respectively. Please refer to note 10.3: ‘Credit risk exposure’.

6.7 Other current financial assets

Other current financial assets consist of the following:

	31-Dec-19	31-Dec-18
	€ k	**€ k**
Rehabilitation investment fund	-	18
Deposits	6	209
Other	181	19
Other current financial assets	**187**	**246**

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

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

6.8 Other assets

The following table summarises the components of other assets:

	31 Dec 2019	31 Dec 2018
	€ k	**€ k**
Receivables - value added tax	92	50
Other non-financial assets	**92**	**50**

6.9 Cash and cash equivalents

As at 31 December 2019 Ichor Coal Group's unrestricted cash and cash equivalents were made up as follows:

	31 Dec 2019 € k	31 Dec 2018 € k
Cash at banks	3 061	10 919
Cash and cash equivalents	**3 061**	**10 919**

6.10 Disposal group held for sale

Management accepted an offer to sell the Company's entire 74% interest in Penumbra at a purchase consideration of R55 000 000 (€3 500 000). All conditions precedent were met, and settlement effected in November 2020, therefor all conditions necessary for the classification as held for sale was met by 31 December 2019. Accordingly, the entity was presented as a disposal group held for sale in 2019.

Impairment result relating to the disposal group

Impairment reversal of €7 718 000 for write-ups of the disposal group to its fair value less costs to sell was included in 'other income' in 2019. The impairment reversals were applied to increase the carrying amount of property, plant and equipment within the disposal group, by reversing prior year impairments.

Assets and liabilities of disposal group held for sale

At 31 December 2019, the disposal group was stated at the lower of its carrying amount and fair value less costs to sell.

Measurement of fair values

Fair value hierarchy

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

6.11 Equity

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

Share Capital

The issued share capital of €44 018 457 (2018: €9 518 500) is divided into 440 184 577 (2018: 95 185 000) shares with a nominal value of €0.10 each. 345 000 000 shares were issued during 2019.

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

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

The authorised share capital amounts to €47 500 000 (2018: €25 000 000) and is divided into 475 000 000 (2018: 250 000 000) shares with a nominal value of €0.10 each. At the annual meeting of Ichor Coal shareholders held on 7 January 2019, shareholders approved a partial amendment of the articles of association of the Company. This was done in order to allow the Company to issue shares pursuant to its obligation under the terms of the convertible bonds and maintain sufficient flexibility for any future issuances. The authorised share capital was increased from the current €25 000 000 to €47 500 000, which falls within the stipulated maximum of five times the Company's issued capital allowed under Dutch law. The deed of amendment of the articles of association was subsequently executed.

Share premium

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

Retained earnings

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

Other reserves

Other reserves reflect differences from the currency translation loss of €8 330 000 (2018: €11 154 000).

Legal reserve

The legal reserve for participating interests, which amounts to €19 103 000 (2018: €35 177 000), pertains to participating interests that are measured at net asset value. The reserves equal to the share in the results and direct changes in the equity (both calculated on the basis of the Company's accounting policies) of the participating interests since the first measurement at net asset value, less the distributions that the Company has been entitled to since the first measurement at net asset value, and less distributions that the Company may effect without restrictions. As to the latter share, this takes into account any profits that may not be distributable by participating interests that are Dutch limited companies based on the distribution tests to be performed by the management of those companies. The legal reserve is determined on an individual basis.

Share based payment reserve

Equity settled share options

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

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

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

Measurement of fair value

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

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

	2019 Grant 1 & 2	**2019 Grant 3 & 4**	**2018 Grant 1 & 2**	**2018 Grant 3 & 4**
Fair value at grant date	€1.44	€1.45	€1.44	€1.45
Share price at grant date	€4.81	€4.81	€4.81	€4.81
Exercise price	€4.80	€4.50	€4.80	€4.50
Expected volatility	40%	40%	40%	40%
Expected life	5.86 years	5.86 years	5.86 years	5.86 years
Expected dividends	0.5%	0.5%	0.5%	0.5%
Risk-free interest rate	0.1%	0.1%	0.1%	0.1%

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

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

(a) the exercise price of the option

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

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

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

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

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

As the option has a 10 year term, potential early exercise needs to be estimated. Factors to consider in estimating early exercise include:

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

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

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

(d) expected volatility of the underlying shares.

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

Reconciliation of outstanding share options

	Number of options 2019	**Exercise price**	**Number of options 2018**	**Weighted average exercise price**
Outstanding 1 January 2019	**565 000**	**€4.65**	**565 000**	**€4.80**
Granted during the year	-	€0.00	-	€0.00
Forfeited during the year	190 000	€4.65	-	€0.00
Exercised during the year	-	€0.00	-	€0.00
Outstanding 31 December 2019	**375 000**	**€4.65**	**565 000**	**€4.65**
Exercisable at 31 December 2018	375 000	€4.65	565 000	€4.80

Equity share based payments are measured at the fair value of the equity instrument at the date of the grant, which was €1 200 000 (2018 €1 501 000). Deferred share-based compensation is expensed over the vesting period, based on the Company's estimate of the shares that are expected to eventually vest.

6.12 Provisions

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

Non-current provisions:

	31 Dec 2019 € k	31 Dec 2018 € k
Environmental rehabilitation current operations	-	3 739
Non-current other provisions	**-**	**3 739**

Current provisions are broken down as follows:

	31 Dec 2019 € k	31 Dec 2018 € k
Royalty tax operations	-	8
Leave pay	-	151
Current other provisions	**-**	**159**

The rehabilitation provision for Penumbra was moved to Assets held for sale in 2019.

6.13 Interest bearing loans and borrowings

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

As at 31 December 2019, interest bearing loans and borrowings were as follows:

	31 Dec 2019	31 Dec 2018
	€ k	€ k
Ichor Coal N.V. convertible bonds interest	784	83 114
Into Africa Mining and Exploration (Pty) Ltd	-	3 285
Loans and borrowings	**784**	**86 399**

Convertible bonds

In 2012 the Company issued convertible bonds worth €80 000 000 at par, which – subject to early prepayment or conversion – mature in June 2017. The convertible bonds carried a fixed interest rate of 8% per annum to be paid quarterly in arrears.

Each convertible bond had a nominal value of €100 000 and an initial conversion price of €4.50, which entitled each bondholder to convert into 22 222 new ordinary bearer shares of the Company.

The interest rate of the convertible bonds was fixed until the maturity date.

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

Based on IAS 39 accounting for the equity (conversion) option component was classified as a financial instrument at fair value through profit or loss and was initially recognised as a liability at the fair value of €25 100 000. The Group used a binomial options pricing model for the initial and subsequent determination of the fair value. Significant input factors for the model are the Company's share price, the volatility of the share price and the remaining time to expiry. The fair value of the conversion component was derecognised in 2019 €7 914 000 (2018: €7 914 000). The resulting fair value gain of €8 204 000 (2018: loss €3 532 000) has been recognised in the statement of comprehensive income.

The fair value of the host component of €52 155 000 at inception date was derived as the residual amount of the issue price less the conversion component and pro rata transaction costs. Transaction costs of 2.5% of the face value of the convertible bonds were apportioned between the host and conversion components based on the allocation of proceeds to the components. The host component was subsequently carried at the amortised cost using the effective interest method. As at 31 December 2019, the total carrying value of the host component was €NIL (2018: €75 200 000).

At a meeting of Ichor Coal bondholders on 20 June 2017, bondholders consented to an amendment of certain terms and conditions of the convertible bonds due in June 2017 resulting in the maturity of the bonds being extended by 2 years. Moreover, the fixed interest payable on the bonds was reduced from 8% per annum to 5% and the conversion price reduced from €4.50 to €0.70.

The change in the terms of the bonds prompted a change in the accounting treatment of the bonds. The accounting treatment pre changes in terms was derecognised and the amended fair value was recognised at the end of June 2017.

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

		31-Dec-19	**31-Dec-18**
		€ k	€ k
Bond rerecognition on change of terms	Host instrument opening balance	75 200	69 711
	Conversion component opening balance	7 914	4 381
Cash-effective movements			
	Interest for the period	1 976	3 880
	Interest payments during the period	-2 223	-3 880
	Repayment of Bonds	-43 100	
Non-cash-effective movements			
	Fair value movement of conversion component	-7 914	3 532
	Accrued effective interest portion	2 636	5 501
	Converted to equity	-34 500	
	Foreign exchange	11	-12
Host instrument closing balance		-	75 200
Conversion component closing balance		-	7 914
Ichor Coal N.V. convertible bonds		-	83 114

The convertible equity component is carried at fair value. The main assumption that might reasonably be expected to change is the historical volatility based on the share price movement of the underlying instrument.

Redemption of convertible bonds

On 26 July 2019, Ichor Coal redeemed €43 100 000 of the outstanding Convertible Bonds and entered into an irrevocable undertaking with Tennor Holdings B.V. to convert its entire bond holding of €34 500 000 into ordinary shares. On 25 November Tennor Holdings B.V. converted all of the remaining Convertible bonds to ordinary shares in accordance with the terms and conditions of the Convertible Bonds at a conversion price of €0.10 per share

6.14 Other financial liabilities

	31 Dec 2019 €k	31 Dec 2018 €k
Sapinda Invest S.a.r.l.	4 173	3 932
Sapinda Holding B.V.	6 227	3 129
Sapinda Asia Limited	8	-
Non-current loans and borrowings	**10 408**	**7 061**

Loan – Sapinda Group (related party)

Entity	Loan value	Interest rate	Maturity date
Sapinda Invest s.a.r.l	€4 173 000	6% per annum	31 December 2023
Sapinda Holdings B.V. – Loan 1	€3 143 180	No interest	31 December 2023
Sapinda Holding B.V. – Loan 2	€3 083 294	5% per annum	31 December 2023
Sapinda Asia Limited	€8 110	No interest	31 December 2023

During the 2019 year Sapinda Holdings B.V. granted an additional loan of €3 000 000, this was utilised to settle the convertible bonds.

6.15 Trade and other payables

The trade and other payables of €234 000 (2018: €1 523 000) mainly relate to trade and other payables at Company level.

6.16 Other liabilities

The other liabilities comprise the following:

	31 Dec 2019 € k	31 Dec 2018 € k
Accrued liabilities	619	950
Other non-financial liabilities	**619**	**950**

6.17 Maturity analysis of financial liabilities

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

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

	Carrying amount 31-Dec-18	Undiscounted cash outflows 2019	2020 - 2021	2022 ff.
	€ k	€ k	€ k	€ k
Current loans and borrowings	86,399	-	80,884	-
Trade and other payables	1,523	1,523	-	-
Other non-current financial liabilities	7,061	-	7,061	-
Other liabilities and liabilities from income taxes	950	950	-	-

7 NOTES TO THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

7.1 Revenue

The following table provides information regarding the split of revenue:

	31 Dec 2019 € k	31 Dec 2018 € k
Mining revenues	2 780	12 164
Revenue	**2 780**	**12 164**
Minus Vunene revenue and intercompany adjustments	-	(9 488)
Adjusted revenue	**2 780**	**2 676**

Revenues from mining were generated from the Group's mining activities and the sale of the crushed coal to domestic customers and the export market. The revenues are all generated in South Africa. The 2018 figure includes 11 months of revenue from Vunene Mining which was sold and deconsolidated during the year. For ease of reference, we removed the revenue of Vunene to indicate the remaining revenue after deconsolidation.

7.2 Cost of sales

The following table provides information regarding purchased goods and services:

	31 Dec 2019 € k	31 Dec 2018 € k
Equipment rental	-	237
Consumables	899	1 082
Labour	3 721	8 538
Outsourced mining services	-	138
Change in coal stock	-703	591
Other services	1 083	5 300
Cost of sales	**5 000**	**15 886**
Minus Vunene cost of sales and intercompany adjustments	-	-10 994
Adjusted cost of sales	**5 000**	**4 892**

The 2018 figure includes 11 months of cost of sales from Vunene Mining which was sold and deconsolidated during the year. For ease of reference we removed the cost of sales of Vunene to indicate the remaining cost of sales after deconsolidation.

7.3 Share of profit from equity accounted investees

Share of profit from equity accounted investees amounted to €5 170 000 (2018: €23 414 000) and contains the share of profit from Mbuyelo Coal which amounted to €3 535 000] (2018: €7 997 000) and the share of profit from Universal of €1 229 000 (2018: €15 966 000). Included in the profit from Universal was other comprehensive loss of €406 000 (2018: €550 000) which was moved to OCI on the income statement, therefore only €4 764 000 (2018: €23 963 000) reflect as income from investments on the income statement.

7.4 Other income

Other income amounted to €7 478 000 (2018: €13 572 000). The 2018 figure includes other income from Vunene Mining which was deconsolidated during the year. Included in other income for 2018 is an additional impairment reversal of €12 681 000 in order to reflect Vunene at fair value, as well as an impairment reversal on Penumbra in 2019 of €7 718 000.

7.5 Other operating expenses

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

	31 Dec 2019 € k	31 Dec 2018 € k
Consulting and legal expenses	277	1 378
Audit and accounting service expenses	122	1 013
Insurance contributions	193	83
Depreciation of property, plant and equipment	128	2 339
Impairment loss	976	9 780
Management fees	162	126
Foreign exchange losses	-	9 102
Other	753	3 556
Other operating expenses	**2 611**	**27 377**
Minus Vunene operating expenses and intercompany adjustments	-	-5 742
Adjusted operating expenses	**2 611**	**21 635**

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

The 2018 figure includes 11 months of operating expenses from Vunene Mining which was sold and deconsolidated during the year. For ease of reference we removed the operating expenses of Vunene to indicate the remaining operating expenses after deconsolidation.

7.6 General and administrative expenses

General and administrative expenses are as follows:

	31 Dec 2019 € k	31 Dec 2018 € k
Salaries and wages	1 019	2 401
Share based payment	-301	89
IT and communication	51	203
Head office and other expenses	169	1347
General and administrative expenses	**938**	**4 040**
Minus Vunene operating expenses and intercompany adjustments	-	-2 211
Adjusted general and administrative expenses	**938**	**1 829**

The 2018 figure includes 11 months of general and administrative expenses from Vunene Mining which was sold and deconsolidated during the year. For ease of reference we removed the general and administrative expenses of Vunene to indicate the remaining general and administrative expenses after deconsolidation.

Ichor Coal Company has a total of 4 employees with the following designations:

Designation	Number
Chief executive officer	1
Support and admin staff	2
Professional	1

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

7.7 Finance income and expense

The financing revenue and cost are split as follows:

	31 Dec 2019 € k	31 Dec 2018 € k
Interest income from bank accounts	282	146
Interest from other loans and borrowings	296	-
Interest income	**578**	**146**
Fair value gain on conversion component of convertible bonds	8,204	-
Foreign exchange gains	682	-
Finance income	**9 464**	**146**

	31 Dec 2019 € k	31 Dec 2018 € k
Interest on convertible bonds	5 317	9 385
Interest on debts and borrowings	448	1 179
Interest on rehabilitation provision	310	496
Other	46	-
Interest and similar expenses	**6 121**	**11 060**
Fair value loss on conversion component of convertible bonds	-	3 687
Finance expense	**6 121**	**14 747**

7.8 Income tax

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

		2019		2018
		€ k		€ k
Income before income taxes		9 817	-	12 205
Tax rate		28%		28%
Expected tax (expense)/ benefit		**2 749**	**-**	**3 417**
Non-taxable income	-	5 762	-	4 456
Deferred tax not raised		536		966
Deferred tax prior years	-	145		2 483
Non- deductible expenses		2 149		202
Unutilised assessed losses		-		2 843
Deferred tax prior period correction		-	-	2 179
Income taxes	**-**	**473**	**-**	**3 558**
Actual tax rate		-5%		29%

The Company did not recognise deferred tax assets of €2 453 049 (2018: €2 465 193) in respect of losses amounting to €8 448 453 (2018: €8 804 261) that can be carried forward against future taxable income. The Group will not carry forward any assessed losses as it cannot be reliably determined if there will be any future taxable income against which such losses can be utilised.

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

	1 Jan - 31 Dec 2019	1 Jan - 31 Dec 2018
	€ k	€ k
Current tax	-	-
Deferred tax	473	3 558
Income tax for the year	**473**	**3 558**

7.9 Other comprehensive income

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

7.10 Earnings per share

Basic earnings per share

The basic earnings per share for the 2019 financial year amounted to €0.02 (2018: €0.09). The basic earnings per share calculation is based on the profit or loss attributable to the owners of the parent Company and the number of shares outstanding during the period.

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

	2019	**2018**
	€ k	€ k
Shares issued and fully paid as of 1 January	440 185	95 185
Weighted average number of shares outstanding	**440 185**	**95 185**

The basic earnings per share were calculated as follows:

	2019	**2018**
	€ k	€ k
Shares issued and fully paid as of 1 January	440 185	95 185
Weighted average number of shares outstanding	**440 185**	**95 185**

	2019	**2018**
	€ k	€ k
Total Profit or (Loss)	10 289	-8 647
Less Non-controlling interest	-	0
Profit or Loss attributable to Owners of parent	**10 289**	**-8 647**
Basic earnings per share	***0.02***	***-0.09***

Diluted earnings per share

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

8 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOW

The cash flow statement was prepared using the indirect method.

Ichor Coal Group's cash and cash equivalents as at 31 December 2019 amounted to €3 061 000 (2018: €10 919 000).

9 NOTES TO THE CONSOLIDATED SEGMENT REPORT

9.1 Basic principles of segment reporting

Ichor Coal N.V. is the parent Company of Ichor Coal Group. In 2019 mining activities were performed by Penumbra Coal Mining. The core business of the Ichor Coal Group is investment in attractive coal resources in South Africa. Ichor Coal has only one segment namely coal mining and it occurs in one geographical area, therefor the use of segmental reporting is not necessary.

10. OTHER DISCLOSURES

10.1 Capital management

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

	31-Dec-19	31-Dec-18
	€ k	€ k
Interest bearing loans and borrowings	11 192	93 460
Accounts payable and accrued liabilities	853	2 473
Less Cash and cash equivalent	-3 061	-10 919
Net debt	**8 984**	**85 014**
Equity	62 880	15 568
Equity and net debt	71 864	100 582
Gearing ratio	**13%**	**85%**

10.2 Financial assets and liabilities

Presentation by categories

The balance sheet items as at 31 December 2019, comprising financial assets and liabilities can be attributed to the measurement categories according to IFRS 9 as follows:

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

	31 December 2018			
	Carrying amount	Loans and receivables	Financial liabilities measured at amortised cost	Financial liabilities at fair value through profit or loss
	€ k	€ k	€ k	€ k
Assets				
Trade and other receivables	2,059	2,059	-	-
Other current financial assets	246	246	-	-
Cash and cash equivalents	10,919	10,919	-	-
Other assets	50	50	-	-
Liabilities				
Interest-bearing loans and borrowings	86,399	-	78,485	7,914
Other non-current financial liabilities	7,061	-	7,061	-
Trade and other payables	1,523	-	1,523	-
Other liabilities	950	-	950	-

As at 31 December 2019, the financial assets and liabilities measured at fair value are categorised in the following classes:

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

As at 31 December 2019, the Group had no derivative instruments, but held the conversion component of the convertible bond at fair value through profit or loss in the statement of financial position until settlement. The conversion component has been valued using a binominal option pricing model, with share volatility, share price and time to maturity being significant input factors, and as such is classified as a Level 3. At inception the conversion option was valued at €25 100 000. As at year end, a gain of €8 204 000 (2018: €3 532 000) has been recognised and recorded in profit and loss at settlement of the Bonds.

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

Other disclosures of financial assets and liabilities

The results from the various categories of financial assets and liabilities are broken down as follows: net gain on financial liabilities at fair value through profit and loss was €8 204 000; total interest income and total interest expense for financial assets and liabilities that are not at fair value through profit or loss were €578 000 (2018: €146 000) and €6 121 000 (2018: €14 747 000), respectively.

10.3 Group financial risk management

The Group is exposed to various financial risks which arise out of its business activities. In response, the Group has implemented risk management processes to identify risk exposures and to mitigate material negative effects on financial performance or to secure achievement of Group objectives. In order to steer the Group's approach to risk mitigation from the top, an annual assessment of risk acceptance levels is performed by the Management Board and reviewed by the Supervisory Board.

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

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

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

Investment risks

Ichor Coal Group is exposed to investment risks which originate in the selection of investment projects. Investments may not meet expected rates of return in the future, which would have a negative impact on the Group's financial results. Ichor Coal Group management in conjunction with the Supervisory Board mitigates such risks by employing a thorough assessment and approval process, which is supported by detailed financial, technical, geological and legal due diligence reports which examine for instance the size of the deposit, logistics infrastructure, financial situation, legal requirements, management and political situation. Final investment decisions above a certain threshold requires the approval of the Company's shareholders. Furthermore, significant cost and timeline overruns in asset development activities subsequent to an acquisition also pose risks to the Group. These risks are mitigated by management via experienced in-house project controlling supported by professional local advisors. Investment risk is limited to current investments already held. Please refer to notes on assets and equity accounted investments. The group currently has no intention to extend its current investment holdings.

Financial market risks

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

The Group is exposed to unwanted effects of foreign exchange transactions and translation. Financial assets or liabilities denominated in a currency other than the functional currency are periodically restated. Any associated gain or loss is taken to the statement of comprehensive income but not hedged in general. Some of the transactions are foreign currency transactions and therefore the Group is exposed to currency fluctuation risks. Ichor Coal management would enter into forward exchange contracts should the circumstances require and allow securitisation of revenue or expenditure streams subject to unwanted currency fluctuation. In such instances, forward transactions are presented to and approved by the Supervisory Board of the Company. As at 31 December 2019, the Group had no foreign exchange derivatives.

In 2019 the Group realised a net gain of €682 000 from currency translation differences.

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

	2019 **€k**	**2018** **€k**
Convertible bonds	-	83 114
Sapinda Holding B.V loan	6 227	3 129
Sapinda Invest s.a.r.l loan	4 173	3 932
Sapinda Asia Limited	8	-
Position exposed to foreign exchange rate	10 408	90 175
Net statement of financial position exposure	**10 408**	**90 175**

The above fluctuations are mainly the result of the following:

- In the current economic conditions, the rand continues to weaken against the euro, resulting in foreign exchange losses for the Group.
- The Group has convertible bond liabilities denominated in euro and on which the foreign exchange loss or gain is recognised as at year end.

Interest rate risk

The Group's current finance facilities are provided on a fixed interest rate basis that vary from facility to facility. Interest rate related risks may originate from finance facilities at fixed interest rates. Any such risk is evaluated within the Group and may be mitigated by interest rate derivatives, if deemed necessary. As at 31 December 2019, the Group had no interest rate derivatives. Gross interest rate risk on loans was mitigated from the inception of the loans by fixing the interest rates.

Liquidity risk

The Group's liquidity risk arises from the possibility that it may not be able to meet its financial obligations as they fall due. Mitigating activities include forecasting and monitoring of operational and capital cash requirements. The main sources of liquidity come from external borrowings. Management continually monitors the availability of financial resources to fund the Group's operating activities as well as its growth and development aspirations. This monitoring also contains an analysis of the due dates of the Group's financial obligations. Liquidity ratio for the group is 1.72 (2018: 0.15), this is mainly due to the convertible bonds being classified as short term in 2018. The bonds were completely settled in 2019.

31.12.2019						
Financial liabilities		Contractual cash flows				
	Carrying amount	Total	12 months or less	1-2 years	2-5 years	More than 5 years
Non-derivative liabilities						
Loans and borrowings – Bonds – Host component	784	784	784	-	-	-
Other financial liabilities	11 027	11 027	11 027	-	-	-
Trade creditors	234	234	234	-	-	-

31.12.2018						
Financial liabilities		Contractual cash flows				
	Carrying amount	Total	12 months or less	1-2 years	2-5 years	More than 5 years
Non-derivative liabilities						
Provisions	3 898	3 898	159	-	-	3 739
Loans and borrowings – Bonds – Host component	86 399	77 600	77 600	-	-	3 285
Other financial liabilities	8 011	8 011	950	-	7 061	-
Trade creditors	1 523	1 523	1 523	-	-	-
Derivative liabilities	-	-	-	-	-	-
Loans and borrowings – Bonds – Convertible option	7 914	-	-			

Credit risk

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

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

	€ k
Trade and other receivables	45
Other current financial assets	187
Cash and cash equivalents	3 061

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

Commodity price risk

Ichor Coal's commodity price risk exposure arises from transactions on the world coal market. Sale of coal transactions are either on a fixed price basis or index based. Cash flow risks may originate from sales agreements at fixed rates whereas price risks may originate from index-based sales agreements. Price risks arising out of fluctuations of applicable indices are mitigated by exchange traded commodity derivatives, if deemed necessary. Price escalation clauses are negotiated for fixed sales price agreements to mitigate adverse input pricing developments. Group management evaluates such risks on a continuous basis as part of the risk management system and may be mitigated by hedging instruments, if deemed necessary. As at 31 December 2019, the Group had no hedging contracts in place.

10.4 Relationships with related parties

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

Transactions with subsidiaries and associates

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

Transaction with shareholders

The loans from Sapinda amounted to €10 408 000 (2018: €7 061 000) including interest on the Sapinda Invest S.a.r.l. loan and no interest on the Sapinda Holdings B.V. loan.

Transactions with key management personnel

During the year, Nonkululeko Nyembezi held a director position in the Company and received the following compensation:

€ k	Short Term Compensation (salary, bonus, provident fund contributions)	Post-employment benefits	Share Based Payments	Total
Nonkululeko Nyembezi	501	71	-	572
Total	**501**	**71**	**-**	**572**

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

Nonkululeko Nyembezi: Salary of €475 000 (2018: €477 000); bonus of €NIL (2018: €362 000); medical aid reimbursement of €7 200 (2018: €7 300), provident fund contributions of €71 000 (2018: €72 000) and a car allowance of €19 000 (2018: €20 000).

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

10.5 Contingent liabilities and commitments

Penumbra

Penumbra Coal Mining has certain old mine workings on the mining right lease property. Management has made provision for additional water treatment costs in the rehabilitation provision relating to the water decanting in this area. There is however uncertainty on who is legally responsible for the rehabilitation of this area and additional charges could be incurred once all the stakeholders have been consulted in this regard. The extent of these charges cannot be reliably measured at the end of December 2019.

10.6 Audit fees

Total audit fees of €156 500 have been incurred from KPMG Netherlands.

10.7 Events after the reporting date

Management accepted an offer to sell Ichor Coal's entire 74% interest in Penumbra at a purchase consideration of €3 500 000.

COVID-19 (Coronavirus) continues to impact the global economy and markets. The effects of Coronavirus on our Company has been limited. However, the virus did negatively impact our customers, supply chain, workforce and operations of our facilities, our markets and our liquidity. Accordingly, we are closely evaluating the developments and will take necessary actions. Based on our current knowledge and available information, we do not expect Covid-19 to have an impact on the Company's ability to continue as a going concern in the future, since we have sufficient cash for the operational expenses of the Company for at least the next 12 months and there are no significant external liabilities that fall due within the next 12 months. After 7 years as Ichor Coal Chief Executive Officer and member of the Management Board, Nonkululeko Nyembezi resigned from the Company with effect from 30 June 2020.

There were no further subsequent events.

STAND-ALONE STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 31 DECEMBER 2019

(before appropriation of results)

	Notes	31 Dec 2019 € k	31 Dec 2018 € k
Assets			
Non-current assets			
Intangible assets	3.1	20	19
Property, plant and equipment	3.2	4	28
Investments in associates	3.4	49 980	62 065
Other non-current financial assets	3.5	121	108
		50 125	**62 220**
Current assets			
Trade and other receivables	3.7	45	48
Other current financial assets	3.8	4 153	6 667
Other assets	3.9	92	50
Cash and cash equivalents	3.10	3 061	10 919
		7 351	**17 684**
Total Assets		**57 476**	**79 904**
Equity and liabilities			
Equity			
Share capital	3.11	44 018	9 518
Share Premium	3.11	97 932	97 932
Share based payment reserve	3.11	785	1 086
Retained earnings	3.11	-115 833	-100 330
Other comprehensive income	3.11	-3 246	-4 661
Loss for the year		21 775	-15 503
Total equity		**45 431**	**-11 958**
Non-current liabilities			
Other Non-current financial liabilities	3.13	10 408	7 061
Deferred tax liabilities	3.6	-	464
		10 408	**7 525**
Current liabilities			
Interest-bearing loans and borrowings	3.12	784	83 114
Trade and other payables	3.14	234	497
Other liabilities	3.16	619	726
		1 637	**84 337**
Total liabilities		**12 045**	**91 862**
Total equity and liabilities		**57 476**	**79 904**

The accompanying notes form part of these financial statements.

STAND-ALONE STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	31 Dec 2019 € k	31 Dec 2018 € k
Other income	4.1	29 831	8 412
General and administrative expenses	4.2	-480	-1 119
Other operating expenses	4.3	-4 038	-13 990
Finance costs	4.4	-5 687	-13 402
Finance income	4.4	1 676	3 221
Loss before income taxes		**21 302**	**-16 878**
Income taxes	4.5	473	1 375
Loss for the year		**21 775**	**-15 503**
Other comprehensive income not to be reclassified to profit and loss in subsequent periods		1 415	508
Total comprehensive income		**23 190**	**-14 995**

The accompanying notes form part of these financial statements.

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

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

STAND-ALONE STATEMENT OF CHANGES IN EQUITY THE YEAR ENDED 31 DECEMBER 2018

	Note	Share Capital € k	Share Premium € k	Accumulated retained earnings € k	Loss for the year € k	Other reserves € k	Share-based payment reserves € k	**Total** € k
1 Jan 2018		**9 518**	**97 932**	**-81 915**	**-18 416**	**-5 169**	**997**	**2 947**
Appropriation of prior year results	3.11	-	-	-18 416	18 416	-	-	-
Share capital	3.11			-	-	-	-	-
Profit or loss for the year		-	-	-	-15 503	-	-	-15 503
Other comprehensive income		-	-	-	-	508	-	508
Total comprehensive income		**-**	**-**	**-**	**-15 503**	**508**	**-**	**-14 995**
Share based payment	3.11	-	-	-	-	-	89	89
		-	-		-	-	**89**	**89**
31 Dec 2018		**9 518**	**97 932**	**-100 330**	**-15 503**	**-4 661**	**1 086**	**-11 958**

The accompanying notes form part of these financial statements.

STAND-ALONE STATEMENT OF CASHFLOWS THE YEAR ENDED 31 DECEMBER 2019

		31 Dec 2019	31 Dec 2018
		€ k	€ k
Profit or loss		21 775	-15 503
Reconciliation of profit or loss to the cash flow from operating activities:			
Depreciation and amortisation of fixed assets	3.1	33	28
Impairment loss	3.8	3 212	2 574
Loss/(Profit) on sale of assets		-14 777	-
Loss/(gain) on conversion component of Convertible Bonds		-	3 674
Gain on remeasurement of convertible bond	3.12	-8 204	-
Interest on Convertible Bonds	3.12	5 284	9 385
Interest paid		-2 166	-3 903
Other interest on debts and borrowings		326	330
Interest Income		-719	-3 152
Changes due to foreign currency changes		-2 673	9 120
Changes in share based payment expense		-301	89
Changes in deferred taxes		-473	-1 375
Changes in trade and other receivables		-3	-290
Changes in trade and other payables		-279	784
Changes in other financial liabilities		-177	-59
Changes in other assets		-2	3
Cash flow from operating activities		**856**	**1 705**
Proceeds from disposal of intangible assets and property, plant and equipment		6	-
Proceeds from disposal of shares in affiliates	3.4	29 413	9 603
Purchases of intangible assets and property, plant, and equipment		-3	-1
Cash flow from investing activities		**29 416**	**9 602**
Repayments of interest-bearing loans and borrowings received		-41 572	-1 011
Cash-outflow from interest-bearing loans and borrowings given		-179	-
Cash-inflow from interest-bearing loans and borrowings given		3 329	-
Cash flow from financing activities		**-38 422**	**-1 011**
Cash flow-related changes in cash and cash equivalents		**-8 150**	**10 296**
Changes in cash and cash equivalents due to exchange rates		291	-672
Cash and cash equivalents at beginning of period		10 919	1 295
Cash and cash equivalents at end of period	3.10	**3 061**	**10 919**

Reconciliation of Consolidated and Stand-Alone Equity

		31-Dec-19	31-Dec-18
		€ k	€ k
Total consolidated equity		62 880	15 568
Difference in accumulated retained earnings			
Individual retained earnings	(1)	-115 833	-100 330
Consolidated retained earnings	(1)	96 068	91 007
Difference in net result			
Individual result	(1)	21 775	-15 503
Consolidated result attributable to the shareholders	(1)	-6 754	24 670
Acquisition of HMS Bergbau AG shares	(2)	1 730	1 730
Accumulated other comprehensive income	(3)	5 084	6 493
Legal reserve	(4)	-19 103	-35 177
Share based payment Penumbra		-416	-416
Total stand-alone equity		**45 431**	**-11 958**

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

2) In 2012 Ichor Coal N.V. purchased a further 289,957 shares in HMS Bergbau AG for a total consideration of €1 669 000, resulting in a relative adjustment of non-controlling interest of €307 000 and capital reserves of €1 362 000. In 2013 Ichor Coal purchased a further 111,515 shares in HMS Bergbau AG for a total consideration of €544 000, resulting in a relative adjustment of non-controlling interest of €176 000 and capital reserves of €368 000.

3) The comprehensive income results from translation.

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

Notes to the Stand-Alone Financial Statements

1 GENERAL INFORMATION

1.1 Corporate information

Ichor Coal N.V. KVK 53748662, is a public limited liability Company incorporated in Amsterdam, Netherlands. The shares of Ichor Coal N.V. are admitted for trading on the High-Risk Market of the Hamburg Stock Exchange (non-regulated market). The head office is located at 210 Amarand Ave, Menlyn Maine, Pretoria, South Africa.

Ichor Coal is an international mining company focusing on investments in thermal coal production in South Africa. The Company holds a substantial non-controlling interest in one South African coal mining company. Currently Tennor Holdings B.V. is the single largest shareholder in Ichor Coal NV

The financial statements were approved by the Supervisory Board on 16 May 2022.

1.2 Basis of preparation

Overview

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

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

Foreign currencies

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

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

2 SIGNIFICANT ACCOUNTING POLICIES AND VALUATION METHODS

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

3 NOTES TO THE STAND-ALONE STATEMENT OF FINANCIAL POSITION

3.1 Intangible assets

The changes in intangible assets were as follows:

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

	Purchased rights € k	Total € k
Acquisition or production cost		
1 Jan 2018	38	38
Currency effects	-2	-2
31 Dec 2018	**36**	**36**
Amortisation and impairment		
1 Jan 2018	17	17
Currency effects	-	-
31 Dec 2018	**17**	**17**
Carrying amounts		
31 Dec 2018	**19**	**19**
1 Jan 2018	21	21

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

The entity experienced stronger currency movements at year end resulting in foreign exchange translation loss realised on intangible assets to the amount of €2 000 in 2018 and €1 000 in the current year.

3.2 Property, plant and equipment

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

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

	Office equipment	Computer equipment	Furniture	Total
	€ k	€ k	€ k	€ k
Acquisition or production cost				
1 Jan 2018	19	50	145	214
Additions	-	1	-	1
Currency effects	-1	-5	-14	-20
31 Dec 2018	**18**	**46**	**131**	**195**
Depreciation and impairments				
1 Jan 2018	16	45	93	154
Additions	-	-	27	27
Currency effects	-	-5	-9	-14
31 Dec 2018	**16**	**40**	**111**	**167**
Carrying amounts				
31 Dec 2018	**2**	**6**	**20**	**28**
1 Jan 2018	3	5	52	60

The entity realised foreign exchange loss at the end of the reporting period to the amount of €8 000 (2018: 34 000) on the translation of values of property, plant and equipment into the presentation currency.

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

3.3 Shares in subsidiaries

Shares in subsidiaries are as follows:

	31 Dec 2019 € k	31 Dec 2018 € k
Shares in Vunene Mining (74%)	-	-
Shares in Ismanetix (100%)	-	-
Shares in affiliates	**-**	**-**

Penumbra Coal Mining is incorporated in South Africa with all operating activities located in Ermelo town which is located in the Mpumalanga province of South Africa.

Ichor Coal holds a 74% interest in Penumbra Coal Mining through 100% owned Ismanetix (Pty) Ltd.

Ichor Coal accepted an offer for its share in Vunene Mining and the transaction was concluded in November 2018 for a purchase price of R150 000 000 (€9 300 000).

3.4 Investments in associates

Investments in associates are as follows:

	31 Dec 2019 € k	31 Dec 2018 € k
Shares in Mbuyelo Coal (45.16%)	49 980	47 701
Shares in Universal Coal Plc (29.03%)	-	14 364
Investment in associates	**49 980**	**62 065**

The Company holds a 45% interest in Mbuyelo Coal and has a 29% interest in Universal up to May 2019. The investment in associates is accounted for using the cost method. The decrease in the cost of the investment in Mbuyelo of €2 279 000 (2018: €7 067 000) is as a result of foreign exchange translation losses realised at the end of the reporting period. Mbuyelo Coal and Universal are incorporated in South Africa and the UK respectively with all operating activities in South Africa.

On 3 May 2019, Ichor Coal announced the disposal of its entire 29% equity stake in Universal through a private placement to a number of institutional investors for a purchase consideration of AUD0.315 per share. The proceeds after transaction costs amounting to approximately AUD47 000 000 – equivalent to approximately €29 000 000 at the prevailing exchange rate – were received on the 6th of May 2019.

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

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

3.5 Other non-current financial assets

	31 Dec 2019 € k	31 Dec 2018 € k
Restricted reserve	121	108
Other non-current financial assets	**121**	**108**

The Company has a deposit account in the amount of €121 000 (2018: €108 000) held at a local bank. It is used to back up a guarantee issued by the bank in relation to the lease agreement for the head office premises.

3.6 Deferred tax

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

	31 Dec 2019		31 Dec 2018	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
	€ k	€ k	€ k	€ k
Non-current financial assets	-	-	-	-
Other liabilities	-	-	-	464
Temporary differences	**-**	**-**	**-**	**464**
Tax loss carry-forwards	**-**	**-**	**-**	**-**
Total	**-**	**-**	**-**	**464**
Offsetting	-	-	-	-
Amounts as per balance sheet	**-**	**-**	**-**	**464**

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

	2019	2018
	€ k	€ k
Deferred tax assets at the beginning of the period	-	-
Deferred tax liabilities at the beginning of the period	-464	-1 968
Net tax position at the beginning of the period	**-464**	**-1 968**
Deferred tax benefit/ (expense) of current year	473	1 375
Net tax position as of 31 December	**9**	**-593**
Deferred tax assets at the end of the period	-	-
Deferred tax liabilities at the end of the period	-	-464
Forex exchanges	9	-129

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

3.7 Trade and other receivables

	31 Dec 2019 € k	31 Dec 2018 € k
Trade receivables	45	48
Trade and other receivables	**45**	**48**

Management believes that the trade receivables are fully recoverable.

3.8 Other current financial assets

Other current financial assets comprise the following:

	31 Dec 2019 € k	31 Dec 2018 € k
Loan to Ismanetix (Pty) Ltd	3 966	6 664
Other financial assets	187	3
Other current financial assets	**4 153**	**6 667**

The loan to Ismanetix was used to finance the acquisition of Penumbra Coal Mining and to further finance the cost of care and maintainance at the mine. Interest on the loan was charged at the prime rate. The loan has a maturity date of 31 December 2022. The loan was impaired to recoverable amount at year end.

3.9 Other assets

	31 Dec 2019 € k	31 Dec 2018 € k
Receivables from other taxes	92	50
Other assets	**92**	**50**

Receivables form other taxes mainly consist of VAT.

3.10 Cash and cash equivalents

The Company’s cash and cash equivalents of €3 061 000 (2018: €10 919 000) represent cash at banks.

3.11 Equity

Share capital

The issued share capital of €44 018 457 (2018: €9 518 500) is divided into 440 184 577 (2018: 95 185 000) shares with a nominal value of €0.10 each. 345 000 000 shares were issued during 2019.

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

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

The authorised share capital amounts to €47 500 000 (2018: €25 000 000) and is divided into 475 000 000 (2018: 250 000 000) shares with a nominal value of €0.10 each. At the annual meeting of Ichor Coal shareholders held on 7 January 2019, shareholders approved a partial amendment of the articles of association of the Company. This was done in order to allow the Company to issue shares pursuant to its obligation under the terms of the convertible bonds and maintain sufficient flexibility for any future issuances. The authorised share capital was increased from the current €25 000 000 to €47 500 000, which falls within the stipulated maximum of five times the Company's issued capital allowed under Dutch law. The deed of amendment of the articles of association was subsequently executed.

Share Premium

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

Other reserves

Other reserves reflect differences from a currency translation loss of €3 246 000 (2018: €4 661 000). The change in the currency translation reserve for the year is €1 415 000.

Accumulated retained earnings

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

Share based payments

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

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

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

(a) the exercise price of the option;

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

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

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

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

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

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

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

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

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

(d) expected volatility of the underlying shares.

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

For a further information on the movement in the share based payments, please refer to note 6.11: “Equity” in the consolidated financial statements.

3.12 Interest-bearing loans and borrowings

	31 Dec 2019 € k	31 Dec 2018 € k
Short term portion - Convertible bonds	-	83 114
Other interest	784	-
Interest-bearing loans and borrowings	**784**	**83 114**

Interest-bearing loans relate to €80 000 000 convertible bonds that were issued by the Company in 2012. Please refer to note 6.13: “Interest-bearing loans and borrowings” in the consolidated financial statements for further details.

3.13 Other non-current financial liabilities

	31 Dec 2019 € k	31 Dec 2019 € k
Sapinda Invest s.a.r.l.	4 173	3 932
Sapinda Holdings BV	6 227	3 129
Sapinda Asia Limited	8	-
Other Non-Current financial liabilities	**10 408**	**7 061**

3.14 Trade and other payables

	31 Dec 2019 € k	31 Dec 2018 € k
Trade payables	234	497
Trade and other payables	**234**	**497**

Trade and other payables solely relate to trade payables.

3.16 Other liabilities

Other liabilities comprise:

	31 Dec 2019 € k	31 Dec 2018 € k
Accrued liabilities	619	726
Other non-financial liabilities	**619**	**726**

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

3.17 Maturity analysis of financial liabilities

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

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

	Carrying amount	Undiscounted cash outflows		
	31 Dec 2018	2018	2019 - 2021	2021 ff.
	€ k	€ k	€ k	€ k
Interest-bearing loans and borrowings	90 175	7 061	84 661	-
Trade and other payables	497	497	-	-

4 Notes to the stand-alone statement of comprehensive income

4.1 Other income

Other income is as follows:

	31 Dec 2019 € k	31 Dec 2018 € k
Profit on sale of Investment	14 777	-
Management and board fees	134	341
Gain on remeasurement of bonds	8 204	-
Investment income	6 705	7 940
Others	11	131
Other operating income	**29 831**	**8 412**

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

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

The gain on re-measurement of the bonds resulted from the settlement of convertible bonds during the 2019 year. (For more details, refer to note 6.13: “Interest bearing borrowings” in the consolidated financial statements).

Investment income relates to dividend income received from Mbuyelo Coal and Universal. The dividend was paid out in accordance with the Company’s interest in the two companies. Total dividend income amounted to €6 705 000 for the financial year.

4.2 General and administrative expenses

General and administrative expenses consist of the following:

	31 Dec 2019 € k	31 Dec 2018 € k
Wages and salaries	697	895
Employee benefits	81	130
Share based payment expense	-301	89
Other expenses	3	5
General and admin expenses	**480**	**1 119**

4.3 Other operating expenses

Other operating expenses are as follows:

	31 Dec 2019 € k	31 Dec 2018 € k
Foreign exchange losses	-	9 102
Legal and consulting costs	277	851
Audit and accounting services	104	869
Depreciation, amortisation and impairment	3 245	2 602
Other	412	566
Other operating expenses	**4 038**	**13 990**

The significant decrease in other operating expenses is largely due to the foreign exchange loss in the prior year. Foreign exchange translation losses incurred during the current year are classified as other operating expense.

Depreciation and amortisation

	31 Dec 2019 € k	31 Dec 2018 € k
Depreciation	24	28
Amortisation	-	-
Depreciation and amortisation	**24**	**28**

Impairment Losses

	31 Dec 2019 € k	31 Dec 2018 € k
Impairment loss	3 221	2 574
Impairment loss	**3 221**	**2 574**

The investment in Vunene Mining was impaired in 2017 with an impairment loss amounting to €14 848 000. A further impairment loss amounting to €2 362 000 was recognised in relation to the intercompany loan that was sold as part of the business in 2018.

In 2019 the loan receivable from Ismanetix was impaired to a deemed recoverable value, this impairment amounted to €3 212 000

4.4 Financial income

The financial income comprises the following:

	31 Dec 2019 € k	31 Dec 2018 € k
Interest on other loans and borrowings	994	3 221
Total interest income	**994**	**3 221**
Foreign exchange	682	-
Total finance income	**1 676**	**3 221**

The financial expense is broken down as follows:

	31 Dec 2019 € k	31 Dec 2018 € k
Interest on Convertible Bonds	4 522	8 899
Other	1 165	816
Total interest and similar expenses	**5 687**	**9 715**
Loss on conversion option of Convertible Bonds	-	3 687
Total finance costs	**5 687**	**13 402**

Included in financial cost is a loss on revaluation of the conversion component of the convertible bonds in 2018. The conversion option has been classified as a financial cost due to IFRS requirements.

4.5 Income tax

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

	2019	2018
	€ k	€ k
Income before income taxes	21 302	-16 878
Tax rate	28%	28%
Expected tax (expense)/ benefit	**5 965**	**-4 726**
Permanent differences	-8 396	651
Nondeductable expenses	2 571	-
Deferred tax prior years	-144	
Decrease in deferred tax not recognised	-468	2 700
Income taxes	**-472**	**-1 375**
Effective tax rate	-2%	8%

The enacted tax rate is 28%.

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

	31 Dec 2019	31 Dec 2018
	€ k	**€ k**
Deferred taxes	473	1 375
Income taxes	**473**	**1 375**

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

5 Other disclosures

5.1 Capital management

For a further analysis and discussion on capital management, refer to note “10.1: “Capital management” in the consolidated financial statements.

5.2 Financial risk management

For a further analysis and discussion on financial risk management, refer to note 10.3: “Financial risk management” in the consolidated financial statements.

5.3 Relationships with related parties

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

Transactions with subsidiaries and associates

The Company served on the board of Universal and Mbuyelo Coal and received directors’ fees amounting to €134 000 (2018: €117 000).

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

A total of €4 800 000 in dividends was received from Mbuyelo Coal during the year.

Universal paid dividends of €1 800 000 during the year.

Transactions with shareholders

The outstanding balance on the loans from Sapinda amounted to €10 408 000 (2018: €7 061 000) as at 31 December 2019. Interest of €326 000 (2018: €228 000) was incurred on the loans during the reporting period.

Transactions with key management personnel

Key management personnel comprise the directors of the Company. During the year, the Company issued equity-settled share instruments to certain qualifying employees. Please refer to note 3.11: “Equity” and 10.4: “Relationships with related parties” of this document for further details.

5.4 Other financial commitments

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

	31 Dec 2019 € k	31 Dec 2018 € k
Due within one year	51	169
Due in one to five years	-	-
Due in more than five years	-	-
Total	**51**	**169**

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

5.5 Events after the reporting date

Management accepted an offer to sell Ichor Coal’s entire 74% interest Penumbra Coal Mining at a purchase consideration of €3 500 000.

COVID-19 (Coronavirus) continues to impact the global economy and markets. The effects of Coronavirus on our Company has been limited. However, the virus did negatively impact our customers, supply chain, workforce and operations of our facilities, our markets and our liquidity. Accordingly, we are closely evaluating the developments and will take necessary actions. Based on our current knowledge and available information, we do not expect Covid-19 to have an impact on the Company’s ability to continue as a going concern in the future, since we have sufficient cash for the operational expenses of the Company for at least the next 12 months and there are no significant external liabilities that fall due within the next 12 months.

After 7 years as Ichor Coal Chief Executive Officer and member of the Management Board, Nonkululeko Nyembezi resigned from the Company with effect from 30 June 2020.

There were no further subsequent events.

19 May 2022

Reinhardt van Wyk Temporary Representative entrusted with the management of Ichor Coal NV	Tarek Malak Supervisory Board Member
Benjamin Pourrat Supervisory Board Member	Paolo Barbieri Supervisory Board Member

Other information

Appropriation of result

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

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

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

Independent auditor's report

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

Report on the audit of the financial statements 2019 included in the annual report

Our opinion

In our opinion the accompanying financial statements give a true and fair view of the financial position of Ichor Coal N.V. as at 31 December 2019 and of its result and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the financial statements 2019 of Ichor Coal N.V. ('the Company') based in Amsterdam, the Netherlands.

The financial statements comprise:

1. the consolidated and company statement of financial position as at 31 December 2019;
2. the following consolidated and company statements for 2019: the income statement, the statements of comprehensive income, changes in equity and cash flows; and
3. the notes comprising a summary of the significant accounting policies and other explanatory information.

Basis for our opinion

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

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

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

Audit approach

Summary

Materiality
Consolidated financial statements
Materiality of EUR 1.1 million
1.25% of EUR 88.224 million (Total Assets)
Company financial statements
Materiality of EUR 606 thousand
1% of EUR 57.476 million (Total Assets)

Group audit
100% of total assets 100% of revenue

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

Opinion
— Unqualified

Materiality

Based on our professional judgement, we determined the materiality for the consolidated financial statements as a whole at EUR 1.1 million (2018: EUR 1.2 million) and for the company financial statements as a whole at EUR 600 thousand (2018: EUR 900 thousand).

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

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

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

Scope of the group audit

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

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

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

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

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

We have:

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

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

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

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

Our key audit matters

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

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

Compared to last year, the key audit matters relating to the Fair value of the conversion option of the convertible bonds, the Valuation and disclosure of accrual estimates for legal claims, litigations and contingencies and the accounting for divestments, have been removed.

This is because these KAMs are no longer applicable given the fact that divestments are now a regular occurrence and there are no longer convertible bonds as at 31 December 2019 due to the repayment during the year. The KAM regarding the legal claims, litigation and contingencies has also been removed, as no significant legal claims, litigation and contingencies exist anymore.

Estimation of the provision for environmental rehabilitation of the mining sites

Description

Following the decision and agreement to sell the investment in Penumbra, the related assets and liabilities were moved to Assets and liabilities held for sale in 2019, including this provision valued at EUR 5 million. The estimation of the provision for environmental rehabilitation (ER) of the mining sites, as included in note 6.10 to the financial statements, is highly judgmental. The calculation is cost model based and depends on assumptions that are impacted by the costs associated to the legal and constructive obligations for restoration of the environment, the estimated life of the operation and information relating to the geological and technical data on the size, depth, shape and grade of the coal body and suitable production techniques and recovery rates over time.

Our response

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

- obtained an understanding of the management process in place and evaluated the design and implementation of controls regarding the process of measurement of the provisions;
- identified the cost assumptions that have the most significant impact on the provisions and tested the appropriateness of these assumptions using third party evidence, mainly cost of machinery and diesel rates;
- performed an evaluation to ensure that all key movements of the Rehabilitation Provision were understood, corroborated and recorded correctly;
- engaged an environmental specialist to perform procedures over the accuracy, completeness and obligation assertions relating to the material legal and constructive obligations for restoration of the environment, the estimated life of the operation and other factors as accounted for in accordance with IAS 37;
- in addition, information about geological and technical data on the size, depth, shape and grade of the coal body and suitable production techniques and recovery rates over time were assessed by the environmental specialist;
- engaged valuation specialists to evaluate the reasonableness of the discount rate and valuation model applied to the Rehabilitation Provision calculation;
- evaluate the reasonableness of the cash flow projections applied in the valuation model based on legal requirements and the outcome of the calculation of the quantity model;
- verified the completeness of the cost estimate data by comparing it with work performed on coal reserves and testing of PP&E;
- assessed the historical accuracy of management's estimates (retrospective review);
- assessed whether ER movements should be recorded in the income statement or capitalised by understanding the reason for the change and by comparing the movement with the carrying amount of the related mining asset; and
- assessed whether the disclosures meet the requirements of IFRS-EU.

Our observation

Management's assessment of the estimated environmental provision is considered reasonable and the provision is adequately disclosed in note 6.12 to the financial statements.

The recoverable amounts of the mining rights and assets

Description

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

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

Our response

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

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

Our observation

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

Report on the other information included in the annual report

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

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

— is consistent with the financial statements and does not contain material misstatements; and

— contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

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

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

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

Report on other legal and regulatory requirements

Engagement

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

Description of responsibilities regarding the financial statements

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

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

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

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

Our responsibilities for the audit of the financial statements

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

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

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

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

This description forms part of our independent auditor's report

Amsterdam, 19 May 2022

KPMG Accountants N.V.

L.M.A. van Opzeeland RA

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

Appendix

Description of our responsibilities for the audit of the financial statements

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

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

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

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

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

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

Independent auditor's report

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

Report on the audit of the financial statements 2019 included in the annual report

Our opinion

In our opinion the accompanying financial statements give a true and fair view of the financial position of Ichor Coal N.V. as at 31 December 2019 and of its result and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the financial statements 2019 of Ichor Coal N.V. ('the Company') based in Amsterdam, the Netherlands.

The financial statements comprise:

1. the consolidated and company statement of financial position as at 31 December 2019;
2. the following consolidated and company statements for 2019: the income statement, the statements of comprehensive income, changes in equity and cash flows; and
3. the notes comprising a summary of the significant accounting policies and other explanatory information.

Basis for our opinion

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

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

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

Audit approach

Summary

Materiality

Consolidated financial statements

- Materiality of EUR 1.1 million
- 1.25% of EUR 88.224 million (Total Assets)

Company financial statements

- Materiality of EUR 606 thousand
- 1% of EUR 57.476 million (Total Assets)

Group audit

- 100% of total assets
- 100% of revenue

Key audit matters

- Estimation of the provision for environmental rehabilitation of the mining sites
- The recoverable amounts of the mining rights and assets

Opinion

- Unqualified

Materiality

Based on our professional judgement, we determined the materiality for the consolidated financial statements as a whole at EUR 1.1 million (2018: EUR 1.2 million) and for the company financial statements as a whole at EUR 600 thousand (2018: EUR 900 thousand).

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

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

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

Scope of the group audit

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

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

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

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

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

We have:

- made use of the work of KPMG South Africa for the audit of Penumbra Coal Mining; and
- made use of the work of SizweNtsalubaGobodo Grant Thornton for the audit of Mbuyelo Coal.

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

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

Our key audit matters

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

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

Compared to last year, the key audit matters relating to the Fair value of the conversion option of the convertible bonds, the Valuation and disclosure of accrual estimates for legal claims, litigations and contingencies and the accounting for divestments, have been removed.

This is because these KAMs are no longer applicable given the fact that divestments are now a regular occurrence and there are no longer convertible bonds as at 31 December 2019 due to the repayment during the year. The KAM regarding the legal claims, litigation and contingencies has also been removed, as no significant legal claims, litigation and contingencies exist anymore.

Estimation of the provision for environmental rehabilitation of the mining sites

Description

Following the decision and agreement to sell the investment in Penumbra, the related assets and liabilities were moved to Assets and liabilities held for sale in 2019, including this provision valued at EUR 5 million. The estimation of the provision for environmental rehabilitation (ER) of the mining sites, as included in note 6.10 to the financial statements, is highly judgmental. The calculation is cost model based and depends on assumptions that are impacted by the costs associated to the legal and constructive obligations for restoration of the environment, the estimated life of the operation and information relating to the geological and technical data on the size, depth, shape and grade of the coal body and suitable production techniques and recovery rates over time.

Our response

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

- obtained an understanding of the management process in place and evaluated the design and implementation of controls regarding the process of measurement of the provisions;
- identified the cost assumptions that have the most significant impact on the provisions and tested the appropriateness of these assumptions using third party evidence, mainly cost of machinery and diesel rates;
- performed an evaluation to ensure that all key movements of the Rehabilitation Provision were understood, corroborated and recorded correctly;
- engaged an environmental specialist to perform procedures over the accuracy, completeness and obligation assertions relating to the material legal and constructive obligations for restoration of the environment, the estimated life of the operation and other factors as accounted for in accordance with IAS 37;
- in addition, information about geological and technical data on the size, depth, shape and grade of the coal body and suitable production techniques and recovery rates over time were assessed by the environmental specialist;
- engaged valuation specialists to evaluate the reasonableness of the discount rate and valuation model applied to the Rehabilitation Provision calculation;
- evaluate the reasonableness of the cash flow projections applied in the valuation model based on legal requirements and the outcome of the calculation of the quantity model;
- verified the completeness of the cost estimate data by comparing it with work performed on coal reserves and testing of PP&E;
- assessed the historical accuracy of management's estimates (retrospective review);
- assessed whether ER movements should be recorded in the income statement or capitalised by understanding the reason for the change and by comparing the movement with the carrying amount of the related mining asset; and
- assessed whether the disclosures meet the requirements of IFRS-EU.

Our observation

Management's assessment of the estimated environmental provision is considered reasonable and the provision is adequately disclosed in note 6.12 to the financial statements.

The recoverable amounts of the mining rights and assets

Description

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

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

Our response

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

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

Our observation

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

Report on the other information included in the annual report

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

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

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

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

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

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

Report on other legal and regulatory requirements

Engagement

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

Description of responsibilities regarding the financial statements

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

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

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

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

Our responsibilities for the audit of the financial statements

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

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

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

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

This description forms part of our independent auditor's report

Amsterdam, 19 May 2022

KPMG Accountants N.V.

L.M.A. van Opzeeland RA

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

Appendix

Description of our responsibilities for the audit of the financial statements

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

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

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

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

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

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