IKWEZI MINING LIMITED

(Incorporated in Bermuda with registered company number 45349)

ARBN 151 258 221

REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

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DIRECTORS' REPORT

The directors of Ikwezi Mining Limited (the Company) submit herewith the financial report of Ikwezi Mining Limited and its subsidiaries (the Group) for the half-year ended 31 December 2012.

The names of the directors of the Company during or since the end of the half-year are:

Mr Simon Hewetson – *Chairman and Non-executive Director*
Mr David Pile – *Managing Director*
Mr Ranaldo Anthony – *Executive Director*
Mr Roger Rees – *Non-executive Director*

Review of operations

For the half-year ended 31 December 2012 the Group recorded a net loss attributable to the owners of the Company of $467,328 (2011: net loss of $580,977) and net cash outflows from operating activities of $659,181 (2011: $1,929,363). Cash outflows for property, plant and equipment and exploration assets were $3,908,292 (2011: $4,707,064) and $2,931,900 (2011: $1,534,062) respectively.

Corporate

As at 31st December 2012 the Company had $4,454,370 cash and cash equivalents on hand.

Good progress has been made with regard to the debt facility that the Company is looking to put in place to bring its Ntendeka colliery into production. Indicative term sheets were received subsequent to 31 December 2012 from two financial institutions in respect of a ZAR200 million debt facility, with preliminary due diligence commencing post 31 December 2012.

With the longer than expected timeframes it has taken for the operation to be issued its various license approvals required to bring the Ntendeka Colliery into production, management implemented a number of actions to reduce non-essential spending during the period and preserve cash. A key area of focus during the period has been on re-reviewing the mine scheduling, the production model / product mix, including operational structure, use of contractors and staff structures. These have been rationalised to assist in further reducing operational costs to maximise profitability and remaining competitive in the current lower coal price environment.

Operational

The Company's main focus remains on bringing the Ntendeka Colliery into production.

The Company is currently awaiting final permissions in respect of water use and environmental management.

These permissions together with a ZAR200 million debt facility are required for mining and processing operations to commence. Delays in the issuance of these permits has enabled the Company to further extend its drilling and analysis program to include areas to be mined underground beyond the first five years of mine life, as well as the upgrading of its resource base. Detailed mine plans and schedules have been completed by independent consultants.

On site, the coal wash plant has been completed and dry commissioned with minor corrections are being finalised. Security fencing has been erected around the entire processing site with the relevant security teams in place.

Construction of the bridges and culverts on the haul road from the wash plant to the siding at Ngagane have been completed together with the upgrade of the sections of the road required to bring it into an operable condition. The run-of-mine ramp and stockpile area were also completed as has the installation of all major electrical infrastructure.

The remaining construction activities required to bring the plant into operation relate to the construction of the water supply system, which includes the pipeline from the old Ngagane Colliery workings to the coal wash plant, together with the completion of the water storage and pollution control dams.

The land on which the siding for the moth balled Ngagane power station was previously located was purchased during the period. The designs for the reinstallation of the rail siding, which is Richards Bay Coal terminal (RBCT) compliant, have been approved by Transnet Freight Rail (TFR). In addition, an approved Environmental Impact Assessment has been received from the Department of Water and Environmental Affairs.

It is expected that construction time to complete the water supply system, the construction of the siding together with the initial box cut / first coal to wash plant is approximately three months from commencement.

Relationships with the local community have been well managed and local expectation is high that the estimated 300 jobs to be created by the Company will yield sustainable benefit to the district. Benefits such as the completed river bridge and culvert on the public road between the Plant and the Siding are already being utilised by the local community.

It is recommended that the half-yearly financial statements be read in conjunction with the 30 June 2012 Annual Report and any public announcements made by the Group during the period.

In accordance with the continuous disclosure requirements, readers are referred to the announcements lodged with Australian Securities Exchange regarding exploration and other activities of the Group

Subsequent Events

On 15 January 2013, the Company announced that 5,000,000 options over ordinary shares in the Company had expired unexercised.

On 22 January 2013, the Company announced that the acquisition agreement for the Waterberg Prospecting Rights had lapsed.

The Company also announced on 22 January 2013 that the Department of Mineral Resources (DMR) of South Africa had executed its coal prospecting right for the Assegai project that was granted to the Company in October 2012.

On 23 January 2013, the Company announced that it had entered into an off-take agreement with the Vitol group of companies (Vitol) whereby Vitol will purchase a total of 3.96Mt of coal from Ikwezi at a combination of fixed and API4 Richards Bay linked pricing over a three year period. The 3.96Mt represents the full, scheduled production of the first stage of the Ntendeka Colliery. The agreement is subject to the Company putting in place a funding facility within a three month timeframe to bring its Ntendeka Colliery into production.

There has not been any matter or circumstance, other than disclosed elsewhere in this report, the financial statements or notes thereto, that has arisen since the end of the financial period, that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Signed in accordance with a resolution of the directors.

On behalf of the Directors

David Pile
Director
15 March 2013, Perth WA

Deloitte.

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Independent Auditor's Review Report to the members of Ikwezi Mining Limited

We have reviewed the accompanying half-year financial report of Ikwezi Mining Limited, which comprises the statement of financial position as at 31 December 2012, the statement of profit and loss, the statement of profit or loss and other comprehensive income, the statement of cash flows and the statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration as set out on pages 6 to 20. The consolidated entity comprises the company (Ikwezi Mining Limited) and the entities it controlled at the end of the half-year or from time to time during the half-year.

Directors' Responsibility for the half-year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards and for such internal control as the directors determine is necessary for the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not presented fairly, in all material respects, in accordance with Australian Accounting Standards. As the auditor of Ikwezi Mining Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of Ikwezi Mining Limited does not present fairly, in all material respects, the company's financial position as at 31 December 2012 and of its financial performance for the half-year ended on that date in accordance with Australian Accounting Standards.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Ross Jerrard
Partner
Chartered Accountants
Perth, 15 March 2013

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Ikwezi Mining Limited, I state that:

In the opinion of the Directors:

a) The financial statements and notes of the consolidated entity:
   i. Give a true and fair view of the financial position as at 31 December 2012 and the performance of the consolidated entity for the half-year ended on that date; and
   ii. Comply with Accounting Standard AASB 134: Interim Financial Reporting.

b) There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Directors

David Pile
Director
Perth, Western Australia
15 March 2013

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

	31 Dec 2012 $	31 Dec 2011 $
Revenue	-	-
Investment income	141,659	474,411
Depreciation and amortisation expense	(555)	(16,285)
Employee benefits expense	(408,918)	(871,762)
Finance costs	(4,369)	(51,008)
Consulting expenses	(15,218)	(63,586)
Administration expenses	(168,562)	(291,076)
Occupancy expenses	(6,538)	(144,565)
Rental expenses	(6,768)	-
Travel and transport expenses	(2,620)	(93,238)
Foreign exchange (losses)/gains	(1,793)	244,986
Other expenses	(2,177)	(3,590)
Loss before tax	**(475,859)**	**(815,713)**
Income tax expense	-	-
Loss for the period from continuing operations	**(475,859)**	**(815,713)**
Attributable to:		
Owners of the parent	(467,328)	(580,977)
Non-controlling interests	(8,531)	(234,736)
	(475,859)	(815,713)
Loss per share		
From continuing operations:		
Basic (cents per share)	(0.14)	(0.18)
Diluted (cents per share)	(0.14)	(0.18)

Notes to the condensed consolidated financial statements are included on pages 12-19.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

	31 Dec 2012 $	31 Dec 2011 $
Loss for the period	(475,859)	(815,713)
Other comprehensive income		
Items that will not be subsequently reclassified to profit or loss	-	-
Items that may be reclassified subsequently to profit or loss		
Exchange differences arising on translation of foreign operations	(115,900)	(691,969)
	(115,900)	(691,969)
Other comprehensive income for the period	(115,900)	(691,969)
Total comprehensive income for the period	**(591,759)**	**(1,507,682)**
Total comprehensive income attributable to:		
Owners of the parent	(583,228)	(1,272,946)
Non-controlling interests	(8,531)	(234,736)
	(591,759)	(1,507,682)

Notes to the condensed consolidated financial statements are included on pages 12-19.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2012

	Note	Consolidated 31 Dec 2012 $	Consolidated 30 June 2012 $
Current assets			
Cash and cash equivalents		4,454,370	12,130,904
Trade and other receivables		43,499	196,933
Other financial assets		921,947	760,694
Other		226,046	218,113
Total current assets		5,645,862	13,306,644
Non-current assets			
Property, plant and equipment	(5)	15,011,414	12,150,579
Exploration and evaluation expenditure	(6)	9,120,114	6,913,846
Total non-current assets		24,131,528	19,064,425
Total assets		29,777,390	32,371,069
Current liabilities			
Trade and other payables		1,141,355	3,129,962
Provisions		37,997	43,242
Other liabilities		11,223	8,700
Total current liabilities		1,190,575	3,181,904
Non-current liabilities			
Provisions		174,647	185,238
Total non-current liabilities		174,647	185,238
Total liabilities		1,365,222	3,367,142
Net assets		28,412,168	29,003,927
Equity			
Issued capital	(9)	30,569,450	30,569,450
Reserves	(10)	(683,970)	(568,070)
Accumulated losses		(1,530,158)	(1,062,830)
Equity attributable to owners of the parent		28,355,322	28,938,550
Non-controlling interest		56,846	65,377
Total equity		28,412,168	29,003,927

Notes to the condensed consolidated financial statements are included on pages 12-19.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

	Issued capital $	Share based payments reserve $	Foreign currency translation reserve $	Accumulated losses $	Attributable to owners of the parent $	Non-controlling interest $	Total $
Balance as at 1 July 2011	2,981,333	-	1,456	(366,826)	2,615,963	72,103	2,688,066
Loss for the period	-	-	-	(580,977)	(580,977)	(234,736)	(815,713)
Exchange differences on translation of foreign operations	-	-	(691,969)	-	(691,969)	-	(691,969)
Total comprehensive income for the period	-	-	(691,969)	(580,977)	(1,272,946)	(234,736)	(1,507,682)
Issue of shares:							
- Initial public offering	30,000,000	-	-	-	30,000,000	-	30,000,000
Share issue costs	(2,357,680)	-	-	-	(2,357,680)	-	(2,357,680)
Share based payments	-	140,000	-	-	140,000	-	140,000
Balance at 31 December 2011	**30,623,653**	**140,000**	**(690,513)**	**(947,803)**	**29,125,337**	**(162,633)**	**28,962,704**
Balance as at 1 July 2012	**30,569,450**	**140,000**	**(708,070)**	**(1,062,830)**	**28,938,550**	**65,377**	**29,003,927**
Loss for the period	-	-	-	(467,328)	(467,328)	(8,531)	(475,859)
Exchange differences on translation of foreign operations	-	-	(115,900)	-	(115,900)	-	(115,900)
Total comprehensive income for the period	-	-	(115,900)	(467,328)	(583,228)	(8,531)	(591,759)
Balance at 31 December 2012	**30,569,450**	**140,000**	**(823,970)**	**(1,530,158)**	**28,355,322**	**56,846**	**28,412,168**

Notes to the condensed consolidated financial statements are included on pages 12-19.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

	31 Dec 2012 $	31 Dec 2011 $
Cash flows from operating activities		
Payments to suppliers and employees	(659,181)	(1,929,363)
Net cash used in operating activities	(659,181)	(1,929,363)
Cash flows from investing activities		
Interest received	140,026	474,411
Payments for property, plant and equipment	(3,908,292)	(4,707,064)
Payments for exploration and evaluation	(2,931,900)	(1,534,062)
Payments to acquire financial assets	(161,253)	(383,803)
Net cash used in investing activities	(6,861,419)	(6,150,518)
Cash flows from financing activities		
Proceeds from issues of equity securities	-	30,000,000
Payments for share issue costs	-	(1,742,301)
Repayment of loans from related parties	-	(498,600)
Net cash generated by financing activities	-	27,759,099
Net increase/(decrease) in cash and cash equivalents	(7,520,600)	19,679,219
Cash and cash equivalents at the beginning of the period	12,130,904	1,418,025
Effects of exchange rate changes on the balance of cash held in foreign currencies	(155,934)	(446,786)
Cash and cash equivalents at the end of the period	**4,454,370**	**20,650,457**

Notes to the condensed consolidated financial statements are included on pages 12-19

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

1. CORPORATE INFORMATION

Ikwezi Mining Limited ("Company" or "Ikwezi") is a company limited by shares incorporated in Bermuda whose shares are publicly traded on the ASX (effective 15 July 2011). The condensed consolidated financial statements of the Group as at and for the half-year ended 31 December 2012 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities").

2. Significant accounting policies

Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with AASB 134"Interim Financial Reporting" (AASB 134). Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34"Interim Financial Reporting". The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual report.

Basis of preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair value of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 2012 annual financial report for the financial year ended 30 June 2012, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

New or revised Standards and Interpretations that are first effective in the current reporting period

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current reporting period.
New and revised Standards and amendments thereof and Interpretations effective for the current half-year that are relevant to the Group include:

- Amendments to AASB 1, 5, 7, 101, 112, 121, 132, 133 and 134 as a consequence of AASB 2011-9 "Amendments to Australian Accounting Standards – Presentation of Items in Other Comprehensive Income"

The adoption of all the new and revised Standards and Interpretations has not resulted in any changes to the Group's accounting policies and has no effect on the amounts reported for the current or prior half-years. However, the application of AASB 2011-9 has resulted in changes to the Group's presentation of, or disclosure in, its half-year financial statements.

AASB 2011-9 introduces new terminology for the statement of comprehensive income and income statement. Under the amendments to AASB 101, the statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and the income statement is renamed as a statement of profit or loss. The amendments to AASB 101 require items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to AASB 101 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

3. Going concern

The financial report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business. For reasons described below, it has been appropriate to review the Consolidated Entity's going concern status:

1. The Consolidated Entity has incurred a net loss after tax for the half year ended 31 December 2012 of $475,859 (31 December 2011: loss of $815,713);

2. The Consolidated Entity experienced net cash outflows from operating activities of $659,181 (2011 net outflow: $1,929,363) and net cash outflows from investing activities of $6,861,419 (2011 net outflow: $6,150,518); and

3. As at 31 December 2012 the Consolidated Entity had a net current asset position of $4,455,287 (30 June 2012: net current assets of $10,124,740).

The Directors have reviewed the Consolidated Entity's overall position and outlook in respect of the matters identified above and are of the opinion that the use of the going concern basis remains appropriate given the following:

1. The Directors are in negotiations to raise funds through a debt facility, the form and value of such funding is yet to be determined. The proceeds of which will be used primarily to fund the development of the Ntendeka Colliery and general working capital requirements

2. The Directors have reviewed the quantum and timing of all discretionary expenditures including corporate, exploration and development costs, and have commenced a process to minimise or defer these costs to suit the Consolidated Entity's cash flow needs.

The Directors believe that at the date of signing the financial statements, having regard to the matters outlined above, there are reasonable grounds to believe that the Consolidated Entity will have sufficient funds to meet its obligations as and when they fall due and that the use of the going concern basis of preparation is appropriate.

4. Segment information

Management has determined that the Group has one reportable segment, being coal exploration and development. As the Group is focused on coal exploration, the Board monitors the Group based on actual versus budgeted revenues and expenditure incurred by area of interest. This internal reporting framework is the most relevant to assist the Board with making decisions regarding the company and its ongoing exploration activities, while also taking into consideration the results of exploration work that has been performed to date.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

5. Property, plant and equipment

	Land & Buildings $	Rail Siding (in progress) $	Beneficiation Plant (in progress) $	Mine infrastructure (in progress) $	Road Earthworks (in progress) $	Office & Computer Equipment & Software $	Motor Vehicles $	Other Fixtures & Fittings $	Total $
At cost									
At 1 July 2011	-	-	-	-	-	1,231	-	-	1,231
Additions	127,647	108,247	6,084,427	79,713	-	10,227	247,414	65,344	6,723,019
At 31 Dec 2011	**127,647**	**108,247**	**6,084,427**	**79,713**	**-**	**11,458**	**247,414**	**65,344**	**6,724,250**
At 1 July 2012	**-**	**150,493**	**8,547,701**	**1,648,390**	**1,515,239**	**21,872**	**247,414**	**67,274**	**12,198,383**
Additions	875,854	34,445	255,008	1,307,524	417,416	1,527	-	-	2,891,774
Disposals	-	-	-	-	-	(1,306)	-	-	(1,306)
At 31 Dec 2012	**875,854**	**184,938**	**8,802,709**	**2,955,914**	**1,932,655**	**22,093**	**247,414**	**67,274**	**15,088,851**
Accumulated Depreciation									
At 1 July 2011	-	-	-	-	-	73	-	-	73
Depreciation	-	-	-	-	-	765	13,472	2,048	16,285
At 31 Dec 2011	**-**	**-**	**-**	**-**	**-**	**838**	**13,472**	**2,048**	**16,358**
At 1 July 2012	**-**	**-**	**-**	**-**	**-**	**2,811**	**37,630**	**7,363**	**47,804**
Depreciation	-	-	-	-	-	1,961	22,507	5,603	30,071
Disposals	-	-	-	-	-	(438)	-	-	(438)
At 31 Dec2012	**-**	**-**	**-**	**-**	**-**	**4,334**	**60,137**	**12,966**	**77,437**

5. Property, plant and equipment (continued)

	Land & Buildings $	Rail Siding (in progress) $	Beneficiation Plant (in progress) $	Mine infrastructure (in progress) $	Road Earthworks (in progress) $	Office & Computer Equipment & Software $	Motor Vehicles $	Other Fixtures & Fittings $	Total $
Net book value									
At 1 July 2011	-	-	-	-	-	1,158	-	-	1,158
At 31 Dec 2011	**127,647**	**108,247**	**6,084,427**	**79,713**	**-**	**10,620**	**233,942**	**63,296**	**6,707,892**
At 1 July 2012	-	150,493	8,547,701	1,648,390	1,515,239	19,061	209,784	59,911	12,150,579
At 31 Dec 2012	**875,854**	**184,938**	**8,802,709**	**2,955,914**	**1,932,655**	**17,759**	**187,277**	**54,308**	**15,011,414**

6. Exploration and evaluation expenditure

	Half-year ended 31 December $
At cost	
Balance at beginning of the interim period	1,595,398
Additions	1,534,062
Balance at 31 December 2011	3,129,460
Balance at 1 July 2012	6,913,846
Additions	2,206,268
Balance at 31 December 2012	**9,120,114**

7. Contingencies and commitments

7.1 Capital expenditure commitments

Plant and equipment	31 Dec 12 $	30 Jun 12 $
Not longer than 1 year	983,486	2,565,913
Later than 1 year and not longer than 5 years	444,496	445,326
Longer than 5 years	-	-
	1,427,982	3,011,239

7.2 Exploration and evaluation commitments

In September 2011, the Group acquired the prospecting rights to the Waterberg Coal field for a total consideration of ZAR 3,500,000, approximately A$420,000. Of the consideration, ZAR 2,000,000 was deferred and was payable within 7 days of the fulfilment of the last of the conditions precedent on the acquisition agreement.

In January 2013, the Company announced that the conditions precedent on the acquisition agreement had not been met and that the agreement has subsequently lapsed.

7.2 Exploration and evaluation commitments (continued)

Waterberg Prospecting rights purchase	**31 Dec 12** **$**	**30 Jun 12** **$**
Not longer than 1 year	227,252	236,942
Later than 1 year and not longer than 5 years	-	-
Longer than 5 years	-	-
	227,252	236,942

The Group must also meet the following tenement expenditure commitments to maintain them in good standing until they are joint ventured, sold, reduced, relinquished or exemptions from expenditure are applied or are otherwise disposed of. These commitments, net of farm outs, are not provided for in the financial statements and are:

Tenement expenditure commitments	**31 Dec 12** **$**	**30 Jun 12** **$**
Not longer than 1 year	589,459	604,355
Later than 1 year and not longer than 5 years	589,283	928,025
Longer than 5 years	-	-
	1,178,742	1,532,380

Other commitments **Rental expenditure**	**31 Dec 12** **$**	**30 Jun 12** **$**
Not longer than 1 year	21,804	22,732
Later than 1 year and not longer than 5 years	-	-
Longer than 5 years	-	-
	21,804	22,732

8 Key management personnel

Remuneration arrangements of key management personnel are disclosed in the annual financial report.

9 Issued capital

Issued capital as at 31 December 2012 amounted to $30,569,450 (2011: $30,623,653) comprising 338,750,000 ordinary shares (2011: 338,750,000).

Movements in issued capital are described below:

Description	Number of shares	$
Balance at 30 June 2011	188,750,000	2,981,333
Initial public offering (i)	150,000,000	30,000,000
Cost of issue		(2,357,680)
Balance at 31 December 2011	338,750,000	30,623,653
At 1 July 2012	338,750,000	30,569,450
Balance at 31 December 2012	338,750,000	30,569,450

(i) Initial public offering - On 15 July 2011, the Company listed on the ASX raising an amount of $30,000,000 before costs for the issue of 150,000,000 fully paid ordinary shares.

10 Reserves

	31 Dec 12 $	30 Jun 12 $
Foreign currency translation reserve	(823,970)	(708,070)
Share based payments reserve	140,000	140,000
	(683,970)	(568,070)

10.1 Foreign currency translation reserve

	31 Dec 12 $	30 Jun 12 $
Balance at the beginning of the period	(708,070)	1,456
Exchange differences arising on translation of foreign operations	(115,900)	(709,526)
Balance at the end of the period	(823,970)	(708,070)

10.2 Share based payments reserve

	31 Dec 12	30 Jun 12
	$	$
Balance at the beginning of the period	140,000	-
Share based payments	-	140,000
Balance at the end of the period	140,000	140,000

11 Subsequent events

On 15 January 2013, the Company announced that 5,000,000 options over ordinary shares in the Company had expired unexercised.

On 22 January 2013, the Company announced that the acquisition agreement for the Waterberg Prospecting Rights had lapsed resulting a reduction in the Company's overall future expenditure commitments (see note 6).

The Company also announced on 22 January 2013 that the Department of Mineral Resources (DMR) of South Africa had executed its coal prospecting right for the Assegai project that was granted to the Company in October 2012.

On 23 January 2013, the Company announced that it had entered into an off-take agreement with the Vitol group of companies (Vitol) whereby Vitol will purchase a total of 3.96Mt of coal from Ikwezi at a combination of fixed and API4 Richards Bay linked pricing over a three year period. The 3.96Mt represents the full, scheduled production of the first stage of the Ntendeka Colliery. The agreement is subject to the Company putting in place a funding facility within a three month timeframe to bring its Ntendeka Colliery into production.

There has not been any matter or circumstance, other than disclosed elsewhere in this report, the financial statements or notes thereto, that has arisen since the end of the financial period, that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.