IKWEZI MINING LIMITED

(Incorporated in Bermuda with registered company number 45349)

ARBN 151 258 221

REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

CONTENTS

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 2013.

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 2013 the Group recorded a net loss attributable to the owners of the Company of $524,148 (2012: net loss of $467,328) and net cash outflows from operating activities of $233,798 (2012: $659,181). Cash outflows for property, plant and equipment and exploration assets were $139,325 (2012: $3,908,292) and $428,019 (2012: $2,931,900) respectively.

Corporate

As at 31 December 2013 the Company had $1,529,337 cash and cash equivalents on hand.

Global thermal coal market pricing remains depressed with the API4 Richards Bay FOB price in the US$72 to US$75 range at the date of this report. Thermal coal production rationalisation, whilst continuing, has been insufficient to reverse the pricing trend to date. South African coal operations have however been assisted through the depreciation of the ZAR:USD exchange rate, with Rand depreciating over the last two years to approximately ZAR11:USD1 from approximately ZAR7:USD1. This has to a large extent offset the drop in the USD price of thermal coal in local currency (ZAR) terms.

The Company remains focussed on finalising financing arrangements with the banks / off take partners to allow it to commence production during 2014. It is intended that the majority of the coal produced will be for the export market.

In the interim, the cost structure of the Company has been reduced to a minimum to preserve cash. The Company however remains confident of the structure of the Ntendeka Colliery and its financial feasibility in the current operational environment with the depreciation of the South African Rand (ZAR) compared to the USD assisting in offsetting the lower thermal coal prices. It should be noted that a portion of the Rand's depreciation is offset by increased working costs given that approximately 30% of the Company's open cast mining costs are USD denominated. In addition, local South African producer inflation runs at approximately 6% p.a.

The mine model and operational structure have been adjusted with focus on 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. Key to this is the approximate ZAR200 million debt facility required to complete remaining capital works and provide working capital to allow the mining and processing operations to commence.

On site, the coal wash plant has been completed and dry commissioned. Security fencing has been erected around the entire processing site with the relevant security teams in place to ensure the continued integrity of the assets.

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 have been 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, pollution control dams and rail siding.

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.

It is recommended that the half-yearly financial statements be read in conjunction with the 30 June 2013 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 ("ASX") regarding exploration and other activities of the Group.

Subsequent Events

On 21 January 2014, the Company announced that it has entered into an agreement with Forbes & Manhattan Coal Corp ("Forbes Coal") to sell to it a portion of the Ikwezi mining right over the property known as Alleen No 2, located north of Dundee in the Kwa-Zulu Natal province in South Africa.

Forbes Coal will acquire Alleen No 2 through a subsidiary company for a purchase price of ZAR 8 million (approximately $0.84 million AUD), based on the estimated run of mine that can be extracted from the mining right area. If the run of mine actually extracted exceeds the agreed upon production threshold, Ikwezi is entitled to receive a top-up payment equivalent to ZAR 10 ($1 CAD) per tonne extracted which exceeds the production threshold.

The agreement is subject to the Company receiving written consent from the Minister of Mineral Resources of the application of sale of the mining right from Ikwezi and the application to purchase the mining right from Forbes Coal, in terms of section 102 of the Mineral and Petroleum Resources Development Act, on or before 30 April 2014.

DIRECTORS' REPORT (contd.)

The sale of Alleen No 2 does not affect the Ntendeka Collieries Reserve and Resources as set out in the Company's announcement dated 17 May 2013 and is not included in the operations current mine plan.

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
14 March 2014, 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 condensed consolidated statement of financial position as at 31 December 2013, the condensed consolidated statement of profit or loss, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated 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 director's 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.

Director's 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 the 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 the 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.

Deloitte.

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 2013 and of its financial performance for the half-year ended on that date in accordance with Australian Accounting Standards.

Emphasis of Matter

Without modifying our conclusion, we draw attention to Note 3 in the financial report which indicates that the Consolidated Entity incurred a net loss of $518,006 and had net cash outflows from operating and investing activities of $798,798 for the half year ended 31 December 2013. These conditions, along with other matters as set forth in Note 3, indicate the existence of a material uncertainty which may cast significant doubt about the ability of the Consolidated Entity to continue as a going concern and therefore the Consolidated Entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU

Ross Jerrard
Partner
Chartered Accountants
Perth, 14 March 2014

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 2013 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
14 March 2014

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

	31 Dec 2013 $	31 Dec 2012 $
Revenue	5,272	-
Investment income	94,669	141,659
Other gains and losses	(428)	-
Depreciation and amortisation expense	(642)	(555)
Employee benefits expense	(358,586)	(408,918)
Finance costs	(35,280)	(4,369)
Consulting expenses	(5,059)	(15,218)
Administration expenses	(216,052)	(168,562)
Occupancy expenses	-	(6,538)
Rental expenses	-	(6,768)
Travel and transport expenses	-	(2,620)
Foreign exchange (losses)/gains	(855)	(1,793)
Other expenses	(1,045)	(2,177)
Loss before tax	**(518,006)**	**(475,859)**
Income tax expense	-	-
Loss for the period from continuing operations	**(518,006)**	**(475,859)**
Attributable to:		
Owners of the parent	(524,148)	(467,328)
Non-controlling interests	6,142	(8,531)
	(518,006)	(475,859)
Loss per share		
From continuing operations:		
Basic (cents per share)	(0.15)	(0.14)
Diluted (cents per share)	(0.15)	(0.14)

Notes to the condensed consolidated financial statements are included on pages 12-20.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

	31 Dec 2013 $	31 Dec 2012 $
Loss for the period	(518,006)	(475,859)
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	(15,592)	(115,900)
	(15,592)	(115,900)
Other comprehensive income for the period	-	(115,900)
Total comprehensive income for the period	**(533,598)**	**(591,759)**
Total comprehensive income attributable to:		
Owners of the parent	(539,740)	(583,228)
Non-controlling interests	6,142	(8,531)
	(533,598)	(591,759)

Notes to the condensed consolidated financial statements are included on pages 12-20.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2013

	Note	Consolidated 31 Dec 2013 $	Consolidated 30 June 2013 $
Current assets			
Cash and cash equivalents		1,529,337	2,544,753
Trade and other receivables		127,123	165,845
Other financial assets		1,209,103	1,048,913
Other current assets		144,392	104,520
Total current assets		3,009,955	3,864,031
Non-current assets			
Property, plant and equipment	(5)	15,242,756	15,375,874
Exploration and evaluation expenditure	(6)	10,390,535	9,986,562
Total non-current assets		25,633,291	25,362,436
Total assets		28,643,246	29,226,467
Current liabilities			
Trade and other payables		876,826	742,694
Borrowings		280,608	359,083
Provisions		364	6,602
Other liabilities		10,005	12,656
Total current liabilities		1,167,803	1,121,035
Non-current liabilities			
Borrowings		-	99,386
Provisions		180,677	177,682
Total non-current liabilities		180,677	277,068
Total liabilities		1,348,480	1,398,103
Net assets		27,294,766	27,828,364
Equity			
Issued capital	(8)	30,569,450	30,569,450
Reserves	(9)	(787,837)	(772,245)
Accumulated losses		(2,548,887)	(2,024,739)
Equity attributable to owners of the parent		27,232,726	27,772,466
Non-controlling interest		62,040	55,898
Total equity		27,294,766	27,828,364

Notes to the condensed consolidated financial statements are included on pages 12-20.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

	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 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**
Balance as at 1 July 2013	**30,569,450**	**140,000**	**(912,245)**	**(2,024,739)**	**27,772,466**	**55,898**	**27,828,364**
Loss for the period	-	-	-	(524,148)	(524,148)	6,142	(518,006)
Exchange differences on translation of foreign operations	-	-	(15,592)	-	(15,592)	-	(15,592)
Total comprehensive income for the period	-	-	(15,592)	(524,148)	(539,740)	6,142	(533,598)
Balance at 31 December 2013	**30,569,450**	**140,000**	**(927,837)**	**(2,548,887)**	**27,232,726**	**62,040**	**27,294,766**

Notes to the condensed consolidated financial statements are included on pages 12-20.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

	31 Dec 2013 $	31 Dec 2012 $
Cash flows from operating activities		
Payments to suppliers and employees	(233,798)	(659,181)
Net cash used in operating activities	(233,798)	(659,181)
Cash flows from investing activities		
Interest received	94,669	140,026
Payments for property, plant and equipment	(139,325)	(3,908,292)
Payments for capitalised exploration and evaluation	(428,019)	(2,931,900)
Proceeds from disposal of property, plant and equipment	62,592	-
Proceeds from land rental	5,272	-
Payments to acquire financial assets	(160,189)	(161,253)
Net cash used in investing activities	(565,000)	(6,861,419)
Cash flows from financing activities		
Repayment of borrowings	(198,996)	-
Net cash used in financing activities	(198,996)	-
Net decrease in cash and cash equivalents	(997,794)	(7,520,600)
Cash and cash equivalents at the beginning of the period	2,544,753	12,130,904
Effects of exchange rate changes on the balance of cash held in foreign currencies	(17,622)	(155,934)
Cash and cash equivalents at the end of the period	**1,529,337**	**4,454,370**

Notes to the condensed consolidated financial statements are included on pages 12-20.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

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. The condensed consolidated financial statements of the Group as at and for the half-year ended 31 December 2013 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 2013 annual financial report for the financial year ended 30 June 2013, 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:

- AASB 10 'Consolidated Financial Statements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'
- AASB 12 'Disclosure of Interests in Other Entities' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'
- AASB 13 'Fair Value Measurement' and AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13'

Impact of the application of AASB 12

AASB 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of AASB 12 has resulted in more extensive disclosures in the consolidated financial statements. However this did not result in any changes to the half year report.

Impact of the application of AASB 13

The Group has applied AASB 13 for the first time in the current year. AASB 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The scope of AASB 13 is broad; the fair value measurement requirements of AASB 13 apply to both financial instrument items and non-financial instrument items for which other AASBs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of AASB 2 'Share-based Payment', leasing transactions that are within the scope of AASB 117 'Leases', and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

AASB 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under AASB 13 is an exit price regardless of whether that prices is directly observable or estimated using another valuation technique. Also AASB 13 includes extensive disclosure requirements.

AASB 13 requires prospective application from 1 January 2013. In addition, specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the Standard in comparative information provided for periods before the initial application of the Standard. In accordance with these transitional provisions, the Group has not made any new disclosures required by AASB 13 for the 2012 comparative period, the application of AASB 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

3. Going concern

The half year financial report has been prepared on the going concern basis, which assumes the continuity of normal business activities and the realisation of assets and the extinguishment of liabilities in the ordinary course of business.

The Consolidated Entity has incurred a net loss after tax of $518,006 (2012: loss of $475,59) and had net cash outflows from operating and investing activities of $798,798 (2012 net cash outflow of $7,520,600) for the period ended 31 December 2013. As at 31 December 2013 the Consolidated Entity had cash assets of $1,529,337 (30 June 2013: $2,544,753) and net current assets of $1,842,152 (30 June 2013: $2,742,996).

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:

I. Measures have been implemented to reduce expenditure in order to meet minimum legal and contractual obligations to match current cash levels; and

II. The Directors are confident that the sale of the property known as Alleen No 2 and the receipt of sales proceeds will occur in the next 6 months. Refer Note 13 for details.

Should the Consolidated Entity be unable to achieve the matters referred to above, a significant uncertainty would arise as to whether the Consolidated Entity could continue as a going concern and therefore, whether it would be able to realise its assets and extinguish its liabilities in the normal course of business.

These consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or to the amounts and classification of liabilities that might be necessary should the Consolidated Entity be unable to continue as a going concern.

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.

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 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**
At 1 July 2013	**875,854**	**175,006**	**9,340,351**	**2,999,973**	**1,792,001**	**26,214**	**181,033**	**67,274**	**15,457,706**
Additions	34,504	-	5,293	(103,417)	-	-	-	-	(63,620)
Disposals	-	-	-	-	-	(770)	(73,514)	-	(74,284)
Foreign exchange	-	-	-	-	-	(97)	(8,373)	-	(8,470)
At 31 Dec 2013	**910,358**	**175,006**	**9,345,644**	**2,896,556**	**1,792,001**	**25,347**	**99,146**	**67,274**	**15,311,305**
Accumulated Depreciation									
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 Dec 2012	**-**	**-**	**-**	**-**	**-**	**4,334**	**60,137**	**12,966**	**77,437**
At 1 July 2013	**-**	**-**	**-**	**-**	**-**	**6,054**	**57,508**	**18,270**	**81,832**
Depreciation	-	-	-	-	-	1,875	9,825	5,320	17,020
Disposals	-	-	-	-	-	(342)	(28,507)	-	(28,849)
Foreign exchange	-	-	-	-	-	(5)	(1,422)	-	(1,417)
At 31 Dec 2013	**-**	**-**	**-**	**-**	**-**	**7,582**	**37,404**	**23,590**	**68,586**

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 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**
At 1 July 2013	875,854	175,006	9,340,351	2,999,973	1,792,001	20,160	123,525	49,004	15,375,874
At 31 Dec 2013	**910,358**	**175,006**	**9,345,644**	**2,896,556**	**1,792,001**	**17,765**	**61,742**	**43,684**	**15,242,756**

6. Exploration and evaluation expenditure

	Half-year ended 31 December $
At cost	
Balance at 1 July 2012	6,913,846
Additions	2,206,268
Balance at 31 December 2012	9,120,114
Balance at 1 July 2013	9,986,562
Additions	403,973
Balance at 31 December 2013	**10,390,535**

7. OBLIGATIONS UNDER FINANCE LEASES

7.1 Leasing arrangements

The Group has financed 10% of the contract price for the construction and commission of its Beneficiation Plant under a finance lease. The lease term is for 19 months. The Group's obligation under the finance lease is secured by the lessors' title to the leased assets.

7.2 Finance lease liabilities

	Minimum lease payments		Present value of minimum lease payments	
	31 Dec 13	**30 June 13**	**31 Dec 13**	**30 June 13**
	$	**$**	**$**	**$**
Not later than one year	292,036	390,867	280,608	359,083
Later than one year and not later than five years	-	100,430	-	99,386
	292,036	491,297	280,608	458,469
Less future finance charges	(11,428)	(32,828)	-	-
Present value of minimum lease payments	280,608	458,469	280,608	458,469

	31/12/13	**30/06/13**
Included in the consolidated financial statements as:		
Current borrowings	280,608	359,083
Non-current borrowings	-	99,386
	280,608	458,469

8. Issued capital

Issued capital as at 31 December 2013 amounted to $30,569,450 (2012: $30,569,450) comprising 338,750,000 ordinary shares (2012: 338,750,000).

There were no movements in issued capital of the company in either the current or the prior half-years.

9. Reserves

	31 Dec 13 $	30 Jun 13 $
Foreign currency translation reserve	(927,837)	(912,245)
Share based payments reserve	140,000	140,000
	(787,837)	(772,245)

9.1 Foreign currency translation reserve

	31 Dec 13 $	30 Jun 13 $
Balance at the beginning of the period	(912,245)	(708,070)
Exchange differences arising on translation of foreign operations	(15,592)	(204,175)
Balance at the end of the period	(927,837)	(912,245)

9.2 Share based payments reserve

	31 Dec 13 $	30 Jun 13 $
Balance at the beginning of the period	140,000	140,000
Share based payments	-	-
Balance at the end of the period	140,000	140,000

10. Contingencies and commitments

10.1 Capital expenditure commitments

Plant and equipment	31 Dec 13 $	30 Jun 13 $
Not longer than 1 year	297,061	300,954
Later than 1 year and not longer than 5 years	262,763	266,210
Longer than 5 years	-	-
	559,824	567,164

10.2 Exploration and evaluation commitments

The Group must 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:

	31 Dec 13	30 Jun 13
Tenement expenditure commitments	**$**	**$**
Not longer than 1 year	468,421	412,726
Later than 1 year and not longer than 5 years	497,057	751,202
Longer than 5 years	-	-
	965,478	1,163,928

	31 Dec 13	30 Jun 13
Other commitments		
Rental expenditure	**$**	**$**
Not longer than 1 year	22,209	20,833
Later than 1 year and not longer than 5 years	-	-
Longer than 5 years	-	-
	22,209	20,833

11. Key management personnel

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

12. Financial instruments

This note provides information about how the Group determines fair values of various financial assets and financial liabilities.

12.1 Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

The following table gives information about how the fair values of the Group's financial assets are determined when measured at fair value at the end of each reporting period.

Financial assets	Fair value as at:		Fair value hierarchy	Valuation technique and key input
	31/12/13	31/12/12		
Unit trust	$1,209,103	$921,947	Level 1	Quoted unit prices in an active market.

12.2 Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

Except as detailed in the following table, the directors consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

	31/12/13		31/12/12	
	Carrying amount $	Fair value $	Carrying amount $	Fair value $
Financial liabilities				
Financial lease payables	280,608	274,587	-	-

13. Subsequent events

On 21 January 2014, the Company announced that it has entered into an agreement with Forbes & Manhattan Coal Corp ("Forbes Coal") to sell to it a portion of the Ikwezi mining right over the property known as Alleen No 2, located north of Dundee in the Kwa-Zulu Natal province in South Africa.

Forbes Coal will acquire Alleen No 2 through a subsidiary company for a purchase price of ZAR 8 million (approximately $0.84 million AUD), based on the estimated run of mine that can be extracted from the mining right area. If the run of mine actually extracted exceeds the agreed upon production threshold, Ikwezi is entitled to receive a top-up payment equivalent to ZAR 10 ($1 CAD) per tonne extracted which exceeds the production threshold.

The agreement is subject to the Company receiving written consent from the Minister of Mineral Resources of the application of sale of the mining right from Ikwezi and the application to purchase the mining right from Forbes Coal, in terms of section 102 of the Mineral and Petroleum Resources Development Act, on or before 30 April 2014.

The sale of Alleen No 2 does not affect the Ntendeka Collieries Reserve and Resources as set out in the Company's announcement dated 17 May 2013 and is not included in the operations current mine plan.

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.