THE WATERBERG COAL COMPANY LTD

(formerly Range River Gold Limited)

and Controlled Entities

ABN 64 065 480 453

Annual Report

30 June 2014

CORPORATE DIRECTORY

Directors
Dr. Mathews Phosa (Chairman)
Mr. Stephen Miller (Executive Director)
Mr. Lee Boyd (Non Executive Director)

Company Secretary
Mr Lee Boyd

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Trifecta Capital Services
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Florida-North
1709 South Africa

Auditors
BDO Audit (WA) Pty Ltd
38 Station Street
Subiaco WA 6008

Stock Exchange Listing
The Waterberg Coal Company Limited shares are listed on the Australian Securities Exchange and the Johannesburg Stock Exchange, the home branch being Melbourne
ASX and JSE code: WCC

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DIRECTORS' REPORT

The directors of The Waterberg Coal Company (the 'Company') and its controlled entities (the 'Group' or 'Waterberg Coal') present their report of the Group for the year ended 30 June 2014. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Directors

The names and details of the Group's directors in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Dr Mathews Phosa – Non Executive Chairman (appointed 28 October 2013)

Dr Phosa is a Lawyer by profession and was elected as the first Premier of Mpumalanga Province in 1994 and went on to serve as the Treasurer General within the Executive Committee of the ANC from 2007 to 2012. He was a member of the National Executive Committee of the ANC for many years until 2012. Dr Phosa has served as a business consultant for various local and international businesses since 1999.

Dr Phosa currently holds chairman, vice-chairman or board member positions on a number of prominent South African institutions and companies.

Dr Phosa has not held any other listed directorships in the past three years.

Mr. Stephen Miller – Executive Director

Mr Miller has 25 years' experience investing and executing corporate finance, mergers and acquisitions opportunities in the resources sector.

Mr Miller established Resource Venture Capital Partners (RVCP) which is dedicated to investment opportunities in the natural resources sector. RVCP is involved in corporate reorganizations and restructurings, direct investments plus substantial debt and equity capital raisings for project start-ups, developments, and corporate takeovers.

Mr Miller has also been a director, founder and chief executive officer of a number of successful resource companies listed in the Australian and North American exchanges including East Africa Gold Corporation, Western Metals Limited and Defiance Mining Corporation.

Mr. Miller is currently a director (appointed 14 June 2013) and Chief Executive Officer (appointed 4 July 2013) of Firestone Energy Limited. He has not held any other listed directorships in the past three years.

Mr Edwin Leith Boyd – Non Executive Director and Company Secretary (appointed 18 March 2014)

Mr Boyd is a CPA and a Fellow of the Australian Institute of Company Directors and has extensive and broad ranging directorial, corporate consulting, financial and senior executive experience across a range of industries including the manufacturing, industrial engineering and, since 1993, the resources sector.

He is currently a director of ASX listed Anatolia Energy Ltd and three of its internationally registered subsidiaries. He has not held any other listed directorships in the past three years.

Mr. Brian McMaster – Executive Chairman (retired 17 March 2014)

Mr. Jonathan Hart – Executive Director and Company Secretary (resigned 20 May 2014)

Mr. Scott Funston – Finance Director (resigned 17 March 2014)

Mr. Daniel Crennan – Non-Executive Director (resigned 7 May 2014)

Interests in the shares and options of the Group
At the date of this report, the interests of the directors in the shares and options of The Waterberg Coal Company Limited were:

Directors	Fully Paid Shares	Unlisted Options
S Miller	27,203,125	15,000,000
M Phosa	-	20,000,000
L Boyd	-	-

Nature of operations and principal activities
The principal activities of the Group are coal and mineral exploration in South Africa and mineral exploration in South Australia.

Operating results for the year
The loss for the year was $49,212,321 (2013: profit of $6,888,940).

Dividends
No dividend is recommended nor has one been declared or paid since the end of the financial year.

Review of financial condition
The cash flow statement highlights an increase in cash and cash equivalents in the year ended 30 June 2014 of $922,010 (2013: increase of $7,554,807). Operating cash outflows totalled $5,687,901 (2013: $4,358,566).

The Group has a net asset position of $4,895,925 (2013: $17,552,781).

Corporate structure
The Waterberg Coal Company is a company limited by shares that is incorporated and domiciled in Australia.

Share options
As at the date of this report, there were 135,180,323 unissued ordinary shares under options. The details of the options at the date of this report are as follows:

Grant date	Expiry Date	Exercise Price	Share options 30 June 2014
9 April 2013	31 December 2014	$0.20	5,187,500
11 April 2013	31 December 2014	$0.20	18,000,000
26 April 2013	31 December 2016	$0.20	25,000,000
13 September 2013	31 December 2014	$0.20	3,751,250
18 December 2013	31 December 2014	$0.20	7,441,573
28 November 2013	31 December 2016	$0.30	63,000,000
11 December 2013	31 December 2016	$0.30	12,000,000
18 February 2014	31 December 2014	$0.20	800,000
			135,180,323

No option holder has any right under the options to participate in any other share issue of the Group or any other entity.

Review of Operations
The Waterberg Coal Company Limited is the lead and managing partner in the Waterberg Coal Project joint venture, situated in the Limpopo Province, South Africa. The Project currently has confirmed coal resources of 3.883 billion tonnes of coal contained within the granted mining and prospecting rights.

The Definitive Feasibility Study for the Waterberg Coal Project
In May 2012, SRK Consulting of Johannesburg, South Africa were commissioned by the Waterberg Joint Venture Partners to undertake a Definitive Feasibility Study on a proposed development of an opencast mining operation to produce 10 Million tonnes of coal (product) per annum to Eskom for an initial term of 30

years pursuant to the Memorandum of Understanding that the Joint Venture entered into with Eskom (the South African parastatal power utility) in March 2012 (as amended).
The Definitive Feasibility Study was completed by SRK in November 2013, and delivered to Eskom. The study confirmed that the Project can produce sufficient tonnes for 30 years at the required Eskom specification to satisfy the terms of the MOU.

Eskom; Coal Supply Agreement negotiations
Negotiations with Eskom on the Coal Supply Agreement are ongoing. During the period under review, the WJV BFS team proposed, and Eskom have agreed, that the basis for price negotiation will be a base price and escalator, with five-yearly price re-openers. A first draft CSA was presented to Eskom by the Project technical team, and a pro-forma CSA template subsequently received by the team from Eskom.
With the completion of the SRK Definitive Feasibility Study, Eskom now have demonstrable evidence that the quantum and qualities of the specified coal can be delivered by the WCP Joint Venture.

Subsequent to receiving the updated economic model, Eskom requested that the proposed off-take term be increased from a 30 year period, to a 40 year period, and have made several concessions on coal quality in order to increase the yield and reduce the operating costs. The WCP technical team have adjusted the economic model accordingly.

Interaction with Lenders
In November 2013 the completed Definitive Feasibility Study and accompanying economic model was made available to The Standard Bank of South Africa Limited. Standard Bank subsequently appointed Hatch Goba as their Independent Technical Consultant to review all technical matters for the Waterberg Coal Project. Eskom will make use of the Hatch review for their external technical review purposes. The Waterberg project team worked closely with Hatch during the review process, sourcing data from SRK and the specialist consultants where required.

Project Optimisation Study
Following the release of the SRK Definitive Feasibility Study, the Project technical team commenced with Value Engineering and detailed Pit optimisation, focussing on production scheduling, savings on mining contractor costs, plant operating costs and capital savings associated with the materials handling and CHPP. The Project team was assisted by Ardbel who have identified significant capital savings associated with the materials handling and coal washing plant when compared to the SRK FS study. Project optimisation also focussed on the phasing of project capital, thereby boosting early project cash flow, and on removing non-capital costs such as pre-strip mining costs from the balance sheet.

As part of the project optimisation, the Project team engaged with Exxaro on the possible sharing of logistics infrastructure and the construction of access roads across the Exxaro/Sekoko Coal properties. The JSE listed Exxaro is the operator of the immediately adjacent Grootegeluk Mine which currently produces approximately 18 mtpa of coal product and is also looking at expanding its operations through the development of the Thabametsi coal project which shares a common boundary with the Waterberg Coal Project.

During the year, the Project team started assessing the potential de-risking of the Coal Project by commencing operations with a smaller processing plant located in the south of the Sekoko Coal properties.

Updated Resource Statement [1, 2]
An updated Independent Competent Persons Resource Statement was released during October 2013 to reflect the increased borehole database following the completion of the 2013 drilling programme on the four farms covered by the Mining Right (Smitspan, Massenberg, Hooikraal and Minnasvlakte), and the two farms held under Prospecting Rights (Vetleegte and Swanepoelpan) and associated sample analysis on the Waterberg Coal Project Properties.

The updated resource statement for the Waterberg Coal Project is for a coal resource of 3.88 Billion tonnes, which represents a substantial increase in the coal resource of the Waterberg Coal Project Properties. Previously SRK Consulting (Pty) Limited (December 2012) declared a Coal Resource of 1.183 billion tonnes on the two farms Smitspan and Massenberg.

The resource statement was prepared on behalf of the Waterberg Coal Project Joint Venture Partners by Gemecs (Pty) Limited in their capacity as Independent Competent Persons.

Note: 1 Please note that this information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2013 on the basis that the information has not materially changed since it was last reported.

Note 2: Competent Person Statement

Gemecs (Pty) Limited was commissioned by the Waterberg Coal Project Joint Venture Partners, to undertake an Updated Independent Persons Geological Report for the Sekoko Waterberg Coal Project.

The Coal Resources were estimated in accordance with the South African code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves ("SAMREC Code"), Australasian Code for Reporting of Exploration Results. Mineral Resources and Ore Reserves ("the JORC Code") and South African National Standard (SANS 10320:2004) guidelines.

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Coenraad D van Niekerk, Pr.Sci.Nat (Reg. No 400066/98), M.Sc Hons (Geology), MDP, an employee of Gemecs (Pty) Limited, who is a Fellow of the Geological Society of South Africa. Mr Niekerk is a mining geologist with 38 years' experience in the mining industry, sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Joint Ore Reserves Committee (JORC) "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Niekerk consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Table 1 – Coal Resource on all six Waterberg Coal Project Properties under both Prospecting Permit and Mining Right

Resource Classification	Coal Resource [1] (Mt)	Ash % (ad)	IM % (ad)	Vol % (ad)	CV (Mj/kg) (ad)	TS % (ad)
Measured	2,070.3	57.9	2.2	17.6	10.51	0.96
Indicated	8,56.3	59.4	2.3	17.2	9.96	1.00
Inferred	956.7	58.9	2.2	17.5	10.26	1.03
Total Resources	3,883.3	58.5	2.2	17.5	10.33	0.99
Coal Resource [1] based on minimum thickness cut-off of 0.5m						

Feasibility Study
On 6 February 2014, Waterberg Coal announced that the WCJVP completed a Feasibility Study ('Study') into the development of an opencast mining operation to produce 10 million tonnes of coal ('Product') per annum for Eskom for an initial term of 30 years. WCJVP confirmed that all material assumptions underpinning the production target as stated in the competent person statement announcement continue to apply and have not materially changed. However, Waterberg Coal in satisfaction of ASX Listing Rules 5.16 and 5.17 included other assumptions relating to the relevant production target in this announcement.

Investec
As announced on 18 February 2014, Investec Emerging Companies Fund (Investec) were issued 6,200,000 ordinary shares and 7,440,000 free attaching unlisted options in Waterberg Coal (with an exercise price of ZAR 1.78 per share and an expiry date of 31 December 2014) for an investment of ZAR 24,279,200 (approximately AUD $2,489,000).

South Australian Tenements
The Company continues to hold 3 exploration tenements in the Gawler Craton of South Australia which are highly prospective for gold and copper-gold mineralisation. The Gawler Craton is host to large copper-gold deposits such as Olympic Dam and Prominent Hill to the east, and gold deposits such as Challenger, Tarcoola and Tunkillia in the west.

During the period the Company compiled and validated exploration data relating to the tenements and is assessing the prospectivity of targets within the license holdings. The Company has designed work programmes to test these targets however these work programmes have not been carried out to date. The Company is considering its strategy with regards to these tenements.

Corporate Activities
On 4 September 2013, Waterberg Coal advised the market that it had entered into a loan agreement with FSE whereby WCC would advance up to A$3 million to be used for FSE's project finance obligations in relation to The Waterberg Coal Project. The loan is unsecured and non-interest bearing.

On 23 September 2013, WCC completed its secondary listing on the Alternate Exchange (AltX) division of JSE Limited ("JSE"). On 3 December 2013, Waterberg Coal transferred from the AltX of the JSE to the main board, under the coal sector.

On 10 October 2013; the Group informed the market that its off-market takeover bid for all the ordinary shares in FSE had closed. At the conclusion of the offer, WCC's shareholding in FSE is 45.88%.

On 28 October 2013, Dr Mathews Phosa joined the WCC Board as a Non-Executive Director.

On 28 November 2013, the Company held its annual general meeting and all resolutions, the subject of the notice were passed.

On 4 December 2013, The Standard Bank of South Africa Limited was appointed as JSE Sponsor.

On 18 December 2013, the Company using its placement capacity raised A$2 million for working capital purposes.

On 6 February 2014, Waterberg Coal announced that it had entered into a Letter of Intent with Ardbel, a joint venture between ELB engineering services and the DRA group, which collectively are the pre-eminent materials handling and engineering services provider to the mining sector in South Africa as its preferred Engineering, Procurement and Construction contractor for the proposed development of the Waterberg Coal Project.

On 17 March 2014, the Company announced it had entered into a Share Exchange Agreement with Global Resources Investment Trust (GRIT) a company listed on the London Stock Exchange.

On the same date Mr B McMaster resigned and Dr Phosa was appointed as Chairman to the Board. Mr S Funston resigned on the same date

On 20 May 2014 Mr J Hart resigned as Director.

On 20 May 2014 the Company Secretary Jonathan Hart resigned and Edwin Leith Boyd was appointed as a Director and Company Secretary.

Dividends
No dividend is recommended nor has one been declared or paid since the end of the financial period.

Environmental regulation and performance
The consolidated entity has done everything to the best of its knowledge to comply with all applicable legislation and has no reason to believe that they did not comply with any of the legislative requirements during the year ended 30 June 2014 and subsequent to year end.

Significant changes in the state of affairs
There have been no significant changes in the state of affairs within the Group.

Events after the balance sheet date
Loan Facility
Subsequent to the year end, the Company entered into a new loan facility agreement with Firestone Energy Limited whereupon it extended a further loan of $3 million to enable Firestone Energy Limited to meet its commitments on the Waterberg Coal Project.

There were no other known significant events from the end of the financial year to the date of this report.

Likely developments
The Board of the Waterberg Coal Company Limited is currently considering the options for the development of a stand along export project which is expected to be able to be brought into production and cash flow sooner than the major total project. To this end, discussions are in progress with various parties with a view to structuring a finance package to advance this.

Indemnification and insurance of directors, officers and auditors
The Group has agreed to indemnify and keep indemnified the current directors against all liabilities incurred by the directors as a director of the Group and all legal expenses incurred by the directors as a director of the Group.

The indemnity only applies to the extent and in the amount that the directors are not indemnified under any other indemnity, including an indemnity contained in any insurance policy taken out by the Group, under the general law or otherwise. The indemnity does not extend to any liability:

- to the Group; or
- arising out of conduct of the directors involving a lack of good faith.

The total amount of insurance premiums paid has not been disclosed due to confidentiality reasons.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the directors and officers in their capacity as directors and officers of the Group, and any other payments arising from liabilities incurred by the directors and officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful breach of duty by the directors and officers or the improper use by the directors and officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Group. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities. The insurance policy outlined above does not allocate the premium paid to each individual director and officer of the Group.

Directors' meetings
The number of Directors' meetings each Director was eligible to attend and the number actually attended during the year to 30 June 2014 are as follows:

	Number of Directors meetings eligible to attend	Number of Directors meetings attended
Mathews Phosa	1	1
Stephen Miller	3	3
Edwin Leith Boyd	0	0
Brian Mc Master	3	3
Scott Funston	3	3
Daniel Crennan	3	3
Jonathan Hart	3	3

Corporate Governance
In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of The Waterberg Coal Company Limited support and have adhered to the principles of sound corporate governance, where possible. The Board recognises the recommendations of the Australian Securities Exchange Corporate Governance Council, and considers that Waterberg Coal is in compliance with those guidelines to the extent possible, which are of importance to the commercial operation of a junior listed resources company. During the financial year, shareholders continued to receive the benefit of an efficient and cost effective corporate governance policy for the Group. The Group's Corporate Governance Statement and disclosures are contained elsewhere in the annual report.

Auditor's Independence and Non-Audit Services
The Directors received the auditors' independence declaration as required under section 307c of the Corporations Act 2001, a copy of which is included within this report.

Non-audit services provided by the auditors of the consolidated entity during the year are detailed in note 26 of the financial report. The Directors are satisfied that the provision of the non-audit services during the year by the auditor did not compromise the general principles relating to auditor independence in accordance with APES110, Code of Ethics for professional accountants set by the Accounting Professional and Ethics Standards Board.

Proceedings on behalf of the Group
No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Group for all or part of those proceedings. No proceedings have been brought or intervened in on behalf of the Group with leave of the Court under section 237 of the *Corporation Act 2001*.

REMUNERATION REPORT (AUDITED)
This Remuneration Report outlines remuneration arrangements of directors and key management of the Group in accordance with the requirements of the *Corporations Act 2001* and its Regulations.

Information contained in the remuneration report has been audited.

Remuneration committee

The full Board acts as the Remuneration Committee (not formally established) and is responsible for determining and reviewing remuneration arrangements for the Board and executives.
The Remuneration Committee assesses the nature and amount of remuneration of executives on a periodic basis by reference to relevant employment market conditions with the overall objective of maximising stakeholders' benefit from the retention of a high quality, high performing Board and executive team.
The Group's Remuneration Committee has not engaged the services of remuneration consultants.

Remuneration philosophy
The performance of the Group depends upon the quality of its directors and executives. To prosper, the Group must therefore attract, motivate and retain highly skilled directors and executives.

To this end, the Group embodies the following principles in its remuneration framework:
- provide competitive rewards to attract high calibre executives;
- reasonableness, fairness and consideration of market guidance;
- link executive rewards to shareholders' value;
- have a proportion of total executive's remuneration 'at risk';
- transparency and shareholder approval of compensation arrangements; and
- determine performance hurdles for variable executive remuneration.

Remuneration structure
In accordance with best practice corporate governance, non-executive director and executive remuneration are structured differently and managed separately.

Director remuneration
Objective
The Board seeks to set aggregate remuneration at a level that provides the Group with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

Structure
The Group's Constitution and the ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting.
The amount of aggregate remuneration sought to be approved by shareholders and the fee structure is reviewed annually. The Board considers fees paid to non-executive directors of comparable companies when undertaking the annual review process.

Remuneration consists of the following key elements:
- fixed remuneration (consulting fees); and
- variable remuneration:
    - short term incentive (STI); and
    - long term incentive (LTI).

Fixed remuneration
Objective
Fixed remuneration is reviewed annually by the Remuneration Committee. The process consists of a review of the Group's and individual performance, relevant comparative remuneration in the market and where necessary, seeking external advice on policies and practices. As noted above, the Remuneration Committee may have access to external advice independent of management; however this has not occurred during the current year.

Structure
Directors are given the opportunity to receive some of their fixed (primary) remuneration in a variety of forms including cash and non-cash benefits. It is intended that the manner of payment chosen will be optimal for the recipient without creating additional cost for the Group. The fixed remuneration component of the KMP is detailed in Tables 1 and 2.

Variable remuneration – short term incentive (STI)
Objective
The objective of the STI program is to link the achievement of the Group's operational targets with the remuneration received by the executives charged with meeting those targets. The total potential STI available is set at a level so as to provide sufficient incentive to the executive to achieve the operational targets and such that the cost to the Group is reasonable in the circumstances.

Structure
Actual STI payments granted to each executive depend on the extent to which specific targets set at the beginning of the financial year are met. The targets consist of a number of Key Performance Indicators (KPI) covering financial, non-financial, corporate and individual measures of performance. On an annual basis, after consideration of performance against KPI, the Remuneration Committee in line with its responsibilities determines the amount if any of the short term incentive to be paid to each executive. Given the nature of the company at present, there are no formal KPIs in place. This will be reviewed going forward. No STI payments were paid during the current financial year (2013: nil).

Variable remuneration – long term incentive (LTI)
Objective
The objective of the Executive Share Option Plan is to reward executives in a manner that aligns their remuneration with the creation of shareholder wealth. As such, LTI grants are made to executives who are able to influence the generation of shareholder wealth and thus have an impact on the Group's performance against long term goals.

Structure
Options are granted under the Executive Share Option Plan that has been approved by shareholders. Options are granted under the scheme for no consideration, usually for terms of up to five years. Options granted under the scheme carry no right to dividends or voting. When exercised, each option is convertible into one ordinary share. Shares issued as a result of options being exercised, rank pari passu in all respects with previously issued fully paid ordinary shares. Option holders cannot participate in new issues of capital that may be offered to shareholders during the currency of the options prior to the exercise of the option. Prior to any new pro rata issue of shares to shareholders, option holders are notified by the Group and are allowed ten business days before the record date to exercise their options. The exercise price of options is determined by the Board.

Performance of shareholders wealth
In considering the Group's performance and benefits for shareholder wealth, the Board has regard to the following indices in respect of the current financial year and the previous three financial years:

As at 30 June	**2014**	**2013**	**2012**	**2011**	**2010**
Profit / (loss) per share (cents)	(19.00)	1.00	(8.75)	(2.14)	(0.49)
Share price (cents)	6.8	*	**	**	1.6

* suspended but last traded at 2 cents
** suspended

Service Agreements

There were no formal service agreements with Non-Executive Directors. On appointment to the Board, all Non-Executive directors enter into a service agreement with Waterberg, in the form of a letter of appointment. The letter summaries the Board policies and terms which mirror those set out within the Corporations Act 2001, including compensation, relevant to the office of Director. Non-Executive Directors' fees are determined within an aggregate directors' fee pool limit. The maximum currently stands at $500,000 per annum and was approved by the Company's shareholders at the 2010 annual general meeting.

Stephen Miller's services as Executive Director are governed by a service agreement between Millcorp Securities Pty Ltd (a company of which Mr Miller is sole director) with the Company effective from 1 October 2013 with an expiry date of 31 December 2015 unless otherwise extended. In terms of this service agreement three months termination notice is required on the part of either party. Mr Miller receives remuneration of $35,000 per month. Prior to 1 October 2013, Mr Miller received fees of $5,000 per month.

In the previous financial year, the Group entered into a service agreement for certain administrative services and office space for a term of two years and for the provision of corporate advisory services for a term of two years with Garrison Capital Pty ltd, a company of which Mr McMaster and Mr Funston are Directors. The Group was required to give three months written notice to terminate the agreement which concluded in May 2014.

No other formal service agreements are in place.

Remuneration of key management personnel
Details of the nature and amount of each element of the emolument of each Director and Executive of the Group for the financial year are as follows:

Directors		Short term employee benefits Salary/Fees	Post employment benefits Super	Share-based payments [10]	Termination payments	Total	% Option based
Executive Directors							
S Miller	**2014**	330,000	-	1,469,695	-	1,799,695	86%
	2013	15,000	-	-	-	15,000	-
B McMaster [1]	**2014**	270,000	-	1,959,593	-	2,229,593	88%
	2013	82,500	-	-	-	82,500	-
Non-Executive Directors							
S Funston [2]	**2014**	25,500	-	195,960	-	221,460	89%
	2013	9,000	-	-	-	9,000	-
D Crennan [3]	**2014**	30,462	-	293,939	-	324,401	91%
	2013	43,500	-	-	-	43,500	-
J Hart [4]	**2014**	150,000	-	293,939	-	443,939	66%
	2013	83,500	-	-	-	83,500	-
L Boyd [5]	**2014**	19,328	-	-	-	19,328	-
	2013	-	-	-	-	-	-
M Phosa [6]	**2014**	125,000	-	1,791,347	-	1,916,347	-
	2013	-	-	-	-	-	-
T Tebeila [7, 9]	**2014**	6,179	-	-	-	6,179	-
	2013	-	-	-	-	-	-
P Kasolo [8, 9]	**2014**	9,183	-	-	-	9,183	-
	2013	-	-	-	-	-	-
D Knox [8, 9]	**2014**	-	-	-	-	-	-
	2013	-	-	-	-	-	-
B Mphahlele [8, 9]	**2014**	9,183	-	-	-	9,183	-
	2013	-	-	-	-	-	-
Total Key Management Personnel	**2014**	**974,835**	**-**	**6,004,473**	**-**	**6,979,308**	**83%**
	2013	233,500	-	-	-	233,500	-

1. Retired 17 March 2014.
2. Resigned 17 March 2014
3. Resigned 7 May 2014.
4. Resigned 20 May 2014.
5. Appointed 18 March 2014
6. Appointed 28 October 2013
7. Resigned from Firestone Energy Limited 1 November 2013
8. Removed from Firestone Energy Limited 29 November 2013
9. Note these directors are included in their capacity as directors of Firestone Energy Limited, a controlled company.
10. Valued in accordance with AASB 2 *Share Based Payment*

No short-term benefits paid in the 2014 or 2013 financial year relate to performance related remuneration.

Option holdings – Unlisted

The numbers of options over ordinary shares in the Company held during the financial year by each key management personnel of The Waterberg Coal Company Limited, including their personally related parties, are set out below:

Directors	Balance at 1 July 2014	Granted as remuneration	Options exercised	Net change other	Balance at 30 June 2014	Vested and exercisable at 30 June 2014
S Miller	-	15,000,000	-	-	15,000,000	15,000,000
L Boyd [1]	-	-	-	-	-	-
M Phosa [1]	-	20,000,000	-	-	20,000,000	20,000,000
B McMaster [2]	8,750,000	20,000,000	-	(28,750,000)	-	-
S Funston [2]	3,750,000	2,000,000	-	(5,750,000)	-	-
D Crennan [2]	-	3,000,000	-	(3,000,000)	-	-
J Hart [2]	300,000	3,000,000	-	(3,300,000)	-	-
	12,800,000	**63,000,000**	**-**	**(40,800,000)**	**35,000,000**	**35,000,000**

Note 1 - appointed during the financial year
Note 2 – resigned during the financial year

No options granted to Directors and other key management personnel as remuneration have been exercised during the year.

Shareholdings

The numbers of ordinary shares in the Company held during the financial year by each key management personnel of The Waterberg Coal Company Limited, including their personally related parties, are set out below:

Directors	Balance at 1 July 2014	Granted as remuneration	On exercise of options	Net change other	Balance at 30 June 2014
S Miller	27,203,125	-	-	-	27,203,125
L Boyd [1]	-	-	-	-	-
M Phosa [1]	-	-	-	-	-
B McMaster [2]	2,350,774	-	-	(2,350,774)	-
S Funston [2]	200,000	-	-	(200,000)	-
D Crennan [2]	100,000	-	-	(100,000)	-
J Hart [2]	250,000	-	-	(250,000)	-
	30,103,899		**-**	**(2,900,774)**	**27,203,125**

Note 1 - appointed during the financial year
Note 2 – resigned during the financial year

Details of share based compensation

The terms and conditions of each grant of options affecting remuneration in the current or a future reporting period are as follows:

Grant date	Number	Vesting date	Expiry Date	Exercise Price $	Value per option at grant date	% Vested
28 Nov 2013	63,000,000	28 Nov 2013	31 Dec 2016	0.30	$0.098	100%

Options granted carry no dividend or voting rights.

The options value at grant date has been disclosed in the remuneration table on page 9 as all options vested immediately. Refer to note 23 for model inputs for options granted during the year.

Transactions with key management personnel

Resource Venture Capital Partners, a company of which Stephen Miller is a related party, has lent the group $174,973. The loan is non-interest bearing and is repayable by 30 September 2014.

$135,000 was paid to Millcorp Securities Pty Ltd, a company of which Stephen Miller is a related party, for the provision of fully serviced office accommodation.

There were no other loans or transactions with key management personnel.

End of the Remuneration Report (Audited)

Signed in accordance with a resolution of the Board of Directors

Stephen Miller
Executive Director

30 September 2014

AUDITOR'S INDEPENDENCE DECLARATION

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DECLARATION OF INDEPENDENCE BY WAYNE BASFORD TO THE DIRECTORS OF THE WATERBERG COAL COMPANY LTD

As lead auditor of The Waterberg Coal Company Ltd for the year ended 30 June 2014, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of The Waterberg Coal Company Ltd and the entities it controlled during the period.

Wayne Basford
Director

BDO Audit (WA) Pty Ltd

Perth, 30 September 2014

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The Waterberg Coal Company Limited ("Waterberg") has made it a priority to adopt systems of control and accountability as the basis for the administration of corporate governance. Some of these policies and procedures are summarised in this statement. To the extent that they are applicable, and given its circumstances, Waterberg adopts the Eight Essential Corporate Governance Principles and Best Practice Recommendations ('Recommendations') published by the Corporate Governance Council of the ASX.

Where Waterberg's corporate governance practices follow a recommendation, the Board has made appropriate statements reporting on the adoption of the recommendation. Where, after due consideration, Waterberg's corporate governance practices depart from a recommendation, the Board has offered full disclosure and reasoning for the adoption of its own practice, in compliance with the "if not, why not" regime.

As Waterberg's activities develop in size, nature and scope, the size of the Board and the implementation of additional corporate governance structures will be given further consideration.

DISCLOSURE OF CORPORATE GOVERNANCE PRACTICES

Compliance with the ASX Principles and Recommendations

(a) Principle 1 – Lay solid foundations for management and oversight

Recommendation 1.1: Companies should disclose the respective roles and responsibilities of the board and management; and those matters expressly reserved to the board and those delegated to management.

Notification of departure from Recommendation

Waterberg has not formally disclosed the functions reserved to the Board and those delegated to senior executives.

Explanation for departure from Recommendation

The Board recognises the importance of distinguishing between the respective roles and responsibilities of the Board and management. The Board has established an informal framework for Waterberg's management and the roles and responsibilities of the Board and management. Due to the small size of the Board and of Waterberg, the Board do not think that it is necessary to formally document the roles of Board and management as it believes that these roles are being carried out in practice and are clearly understood by all members of the Board and management.

The appointments of Non-Executive Directors are formalised in accordance with the regulatory requirements and Waterberg's constitution.

Recommendation 1.2: Companies should undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director and provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.

Notification of departure from Recommendation

Waterberg has not established formal processes for such but in practice the board and management do follow accepted practices in establishing suitability of directors.

Explanation for departure from Recommendation

The Board is responsible for the strategic direction of Waterberg, monitoring the overall corporate governance of Waterberg and ensuring that shareholder value is increased. Due to the size of Waterberg and the stage of the company's development, the Board does not consider it is necessary to establish formal processes for new appointments.

Recommendations of candidates for new Directors are made by the Directors for consideration by the Board as a whole. If it is necessary to appoint a new Director to fill a vacancy on the Board or to complement the existing Board, a wide potential base of possible candidates is considered. If a candidate is recommended by a director, the Board assesses that proposed new director against a range of criteria including background, experience, professional skills, personal qualities, the potential for the candidate's skills to augment the existing Board and the candidate's availability to commit to the Board's activities. If these criteria are met and the Board appoints the candidate as a director, that director must retire at the next following General Meeting of Shareholders and will be eligible for election by shareholders at that General Meeting.

Recommendation 1.3: Companies should have written agreements with each director and senior executives setting out the terms of their appointment.

Notification of departure from Recommendation

Waterberg does not have formal written agreements with directors but does for senior executives.

Explanation for departure from Recommendation

Due to the size of Waterberg's board and the stage of the company's development, the Board does not consider it is necessary to have formal documentation for each director.

Recommendation 1.4: The company secretary of the company should be accountable directly to the board through the chair on all matters to do with the proper functioning of the board.

Due to the small size of Waterberg's board the company secretary reports to the board regularly.

Recommendation 1.5: The Company should have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them. The company should disclose that policy or a summary of it and disclose at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them.

The Company and all its related bodies corporate have established a Diversity Policy.

The Company recognises the benefits arising from employee and board diversity, including a broader pool of high quality employees, improving employee retention, accessing different perspectives and ideas and benefiting from all available talent.

Diversity includes, but is not limited to, gender, age, ethnicity, cultural background and the persons skill set.

The Diversity Policy does not form part of an employee's contract of employment with The Company, nor gives rise to contractual obligations. However, to the extent that the Diversity Policy requires an employee to do or refrain from doing something and at all times subject to legal obligations, the Diversity Policy forms a direction of the Company with which an employee is expected to comply.

OBJECTIVES

The Diversity Policy provides a framework for the Company to achieve:

- a diverse and skilled workforce, leading to continuous improvement in service delivery and achievement of corporate goals;
- a workplace culture characterised by inclusive practices and behaviours for the benefit of all staff;
- improved employment and career development opportunities for women;
- a work environment that values and utilises the contributions of employees with diverse backgrounds, experiences and perspectives through improved awareness of the benefits of workforce diversity and successful management of diversity; and
- awareness in all staff of their rights and responsibilities with regards to fairness, equity and respect for all aspects of diversity.

The Diversity Policy does not impose on the Company, its directors, officers, agents or employee any obligation to engage in, or justification for engaging in, any conduct which is illegal or contrary to any anti-discrimination or equal employment opportunity legislation or laws in any State or Territory of Australia or of any foreign jurisdiction.

RESPONSIBILITIES

The Board's commitment

The Board is committed to workplace diversity, with a particular focus on supporting the representation of women at the senior level of the Company and on the Board.

The Board is responsible for developing measurable objectives and strategies to meet the Objectives of the Diversity Policy (**Measurable Objectives**) and monitoring the progress of the Measurable Objectives through the monitoring, evaluation and reporting mechanisms listed below.

The Board may also set Measurable Objectives for achieving gender diversity and monitor their achievement.

The Board will conduct all Board appointment processes in a manner that promotes gender diversity, including establishing a structured approach for identifying a pool of candidates, using external experts where necessary.

Strategies

The Company's diversity strategies include:

- recruiting from a diverse pool of candidates for all positions, including senior management and the Board;
- reviewing succession plans to ensure an appropriate focus on diversity;
- identifying specific factors to take account of in recruitment and selection processes to encourage diversity;
- developing programs to develop a broader pool of skilled and experienced senior management and Board candidates, including, workplace development programs, mentoring programs and targeted training and development;
- developing a culture which takes account of domestic responsibilities of employees; and
- any other strategies the Board develops from time to time.

MONITORING AND EVALUATION

The Chairman will monitor the scope and currency of this policy.

The Company is responsible for implementing, monitoring and reporting on the Measurable Objectives once they are set.

Measurable Objectives if set by the board will be included in the annual key performance indicators for the Chief Executive Officer / Managing Director and senior executives.

In addition, the board will review progress against the Objectives (if set) as a key performance indicator in its annual performance assessment.

REPORTING

The board may include in the Annual Report each year:

- the Measurable Objectives, if any, set by the Board;
- progress against the Objectives; and
- the proportion of women employees in the whole organisation, at senior management level and at Board level.

Explanation for departure from Recommendations

While the Company has adopted a diversity policy as mentioned above, the Board do not consider it appropriate to set measurable objectives at this stage of the Company's development. The Board will continue to review the development of Waterberg and will adopt measurable objectives at a more appropriate time.

Recommendation 1.6 & 1.7: Companies should have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors and senior executives; and disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.

Notification of departure from Recommendation

Waterberg does not have formal processes for evaluating performance reviews but does so informally within the confines of the size of its board.

Explanation for departure from Recommendation

Due to the size of Waterberg's board and the stage of the company's development, the Board does not consider it is necessary to have formal performance reviews for each director or senior executive.

(b) Principle 2 – Structure of the Board to add value

Recommendation 2.1, 2.3 & 2.4: The board of the company should have a nomination committee with at least three members, a majority of whom are independent directors, chaired by an independent director and should disclose the charter of the committee.

Notification of departure from Recommendations

The Waterberg Board does not currently have a majority of independent directors and the Chairman is not considered independent.

Explanation for departure from Recommendations

The Board's composition changed during the year. Consistent with the size of Waterberg and its activities, the Board currently comprises three (3) Directors. The Board considers that Mr Magashula meets the criteria set in Principle 2.1 by the Corporate Governance Council to be considered an independent Director.

Mr Magashula has no material business or contractual relationship with Waterberg, other than as a Director, and no conflicts of interest which could interfere with the exercise of independent judgement. Accordingly, he is considered to be independent.

The Board's policy is that the majority of Directors shall be independent, Non-Executive Directors. Due to the size of Waterberg and the stage of Waterberg's development, the Board does not consider it can justify the appointment of more independent Non-Executive Directors, and therefore, the composition of the Board does not currently conform to the best practice recommendations of the ASX Corporate Governance Council.

Recommendation 2.2: The company should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.

Notification of departure from Recommendation

Waterberg does not have a board skills matrix setting out the mix of skills and diversity that the board has or looks for, due to the size of the board.

Explanation for departure from Recommendation

Due to the size of Waterberg's board and the stage of the company's development, the board does not consider it is necessary to have a formal skills matrix but does endeavour to follow these recommendations in practice.

Recommendation 2.5: The chair of the board of the company should be an independent director and, in particular, should not be the same person as the CEO of the entity.

The Company complies with this recommendation.

Recommendation 2.6: The company should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.

Notification of departure from Recommendations

The company does not have a formal induction process.

Explanation for departure from Recommendation

Due to the size of Waterberg's board and the stage of the company's development, the board does not consider it is necessary to have a formal induction process but endeavours to ensure that directors are fully supported and provided with opportunities for further learning.

Board access to independent professional advice

To assist Directors with independent judgement, it is the Board's policy that if a Director considers it necessary to obtain independent professional advice to properly discharge the responsibility of their office as a Director then, provided the Director first obtains approval for incurring such expense from the Chair, Waterberg will pay the reasonable expenses associated with obtaining such advice.

(c) Principle 3 – Promote ethical and responsible decision making

Recommendation 3.1: Companies should establish a code of conduct and disclose the code or a summary of the code as to:

- the practices necessary to maintain confidence in the company's integrity
- the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders
- the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

Notification of departure from Recommendation

Waterberg has not established a formal code of conduct.

Explanation for departure from Recommendation

The Board considers that its business practices, as determined by the Board and key executives, are the equivalent of a code of conduct.

(d) Principle 4 – Safeguard integrity in corporate reporting

Recommendation 4.1: The board should establish an audit committee.

- consists only of non-executive directors
- consists of a majority of independent directors
- is chaired by an independent chair, who is not chair of the board
- has at least three members.

Notification of departure from Recommendation

Waterberg has not established an audit committee.

Explanation for departure from Recommendation

The Board considers that Waterberg is not currently of a size, or its affairs of such complexity, that the formation of separate or special committees is justified at this time. The board as a whole is able to address the governance aspects of the full scope of Waterberg's activities and ensure that it adheres to appropriate ethical standards.

The board as a whole considers those matters that would usually be the responsibility of an audit committee and a nomination committee. The Board considers that, at this stage, no efficiencies or other benefits would be gained by establishing a separate audit committee or a separate nomination committee.

Recommendation 4.2: The board of the company should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial performance of the entity. The audit committee should have a formal charter.

The company complies with this recommendation.

Recommendation 4.3: Companies that have an AGM should ensure that the external auditor attends the AGM and is available to answer questions from security holders relevant to the audit.

The company complies with this recommendation.

(e) Principle 5 – Make timely and balanced disclosure

Recommendation 5.1: Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.

Notification of departure from Recommendations

Waterberg has not established written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and accountability for compliance.

Explanation for departure from Recommendations

The Directors have a long history of involvement with public listed companies and through the support of professional staff, are kept familiar with the disclosure requirements of the ASX listing rules.

Waterberg has in place informal procedures that it believes are sufficient for ensuring compliance with ASX Listing Rule disclosure requirements and accountability for compliance. The Board has nominated the Chief Executive Officer and the Company Secretary as being responsible for all matters relating to disclosure.

(f) Principle 6 – Respect the rights of security holders

Recommendation 6.1: Companies should provide information about themselves and their governance to investors via their website.

Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.

The company has a website which is maintained via an external service provider with an automatic update in terms of its latest announcement to the regulator.

Recommendation 6.2 Companies should design and implement an investor relations program to facilitate effective two way communication with investors.

Notification of departure from Recommendations

Waterberg has not established a formal investor relations program.

Explanation for departure from Recommendations

While Waterberg has not established a formal investor relations strategy, it actively communicates with investors in order to identify their expectations and actively promotes investor involvement in Waterberg. Investors with internet access are encouraged to provide their email addresses in order to receive electronic copies of information distributed by Waterberg. Alternatively, hard copies of information distributed by Waterberg are available on request.

Recommendation 6.3 Companies should disclose the policies and processes they have in place to facilitate and encourage participation at meetings of security holders.

Notification of departure from Recommendations

Waterberg has not established a formal policy to encourage participation at meetings of security holders.

Explanation for departure from Recommendations

The board will consider additional strategies to ensure that security holder participation is encouraged.

Recommendation 6.4 Companies should give security holders the option to receive communications from, and send communications to, the company and its security register electronically

The company complies with this recommendation.

(g) Principle 7 – Recognise and manage risk

Recommendation 7.1: Companies should have a committee to oversee risk and disclose the charter, members and the number of times the committee met through the period. If no committee exists the company should disclose the processes employed for overseeing the company's risk management framework.

Recommendation 7.2: The board or committee of the board should review the company's risk management framework at least annually to satisfy itself that it continues to be sound and disclose in relation to each reporting period whether such a review has taken place.

Recommendation 7.3: The company should disclose if it has an internal audit function. If not, disclosure of the processes the company employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.

Recommendation 7.4: The company should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.

Notification of departure from Recommendations

Waterberg has an informal risk oversight and management policy and internal compliance and control system.

Explanation for departure from Recommendations

The Board does not currently have formal procedures in place but is aware of the various risks that affect Waterberg and its particular business. As Waterberg develops, the Board will develop appropriate procedures to deal with risk oversight and management and internal compliance, taking into account the size of Waterberg and the stage of development of its projects.

(h) Principle 7 - Recognise and manage risk

Recommendation 7.3: The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

The CEO and the Chief Financial Officer equivalent, have provided a declaration to the Board in accordance with section 295A of the Corporations Act and have assured the Board that such declaration is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

(i) Principle 8 – Remunerate fairly and responsibly

Recommendation 8.1: The board should establish a remuneration committee.

- consists of a majority of independent directors
- is chaired by an independent chair
- has at least three members

Recommendation 8.2: The company should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.

Recommendation 8.3: Where the company has an equity based remuneration scheme the entity should disclose the policy or a summary of it.

Notification of departure from Recommendations

Waterberg does not have a formal remuneration committee nor remuneration policy.

Explanation for departure from Recommendations

The current remuneration of the Directors is disclosed in the Directors' Report. Non-executive Directors receive a fixed fee for their services.

Subject to shareholder approval, the issue of options or shares to non-executive Directors may be an appropriate method of providing sufficient incentive and reward while maintaining cash reserves.

Due to Waterberg's early stage of development and small size, it does not consider that a separate remuneration committee would add any efficiency to the process of determining the levels of remuneration for the Directors and key executives. The Board believes it is more appropriate to set aside time at specified Board meetings each year to specifically address matters that would ordinarily fall to a remuneration committee. In addition, all matters of remuneration will continue to be in accordance with regulatory requirements, especially in respect of related party transactions, and none of the Directors will participate in any deliberations regarding their own remuneration or related issues.

(j) Securities trading policy

Waterberg adopted a Share Trading policy in December 2010. The policy summarises the law relating to insider trading and sets out Waterberg's policy on Directors, officers, employees and consultants of the Group dealing in securities of Waterberg.

The policy is provided to all Directors and employees of the Group and compliance with it is reviewed on an ongoing basis in accordance with Waterberg's risk management systems.

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2014

	Note	Consolidated 2014 $	Consolidated 2013 $
Continuing operations			
Interest revenue		333,814	130,471
Other income		186,661	-
Employee benefits expenses	**6(a)**	(974,835)	(3,655)
Consultants and legal expenses		(3,221,000)	(3,190,929)
Foreign exchange gain		183,786	451,457
Impairment of available for sale financial assets	**13**	(1,894,162)	(1,920,000)
Share of loss of associate	**15**	(214,473)	-
Share based payment expense	**23**	(7,045,631)	(2,977,245)
Finance costs	**6(b)**	(35,212,087)	(6,854,596)
Other expenses	**6(c)**	(1,354,347)	(1,189,074)
Loss before income tax		**(49,212,321)**	**(15,553,571)**
Income tax expense	**7**	-	-
Net profit / (loss) from continuing operations		**(49,212,321)**	**(15,553,571)**
Discontinued operations			
Profit from discontinued operations after tax	**31**	-	22,442,511
Net profit / (loss) for the year		**(49,212,321)**	**6,888,940**
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		(3,976,873)	-
Total comprehensive income / (expenses) for the year		**(53,189,194)**	**6,888,940**
Net profit / (loss) attributable to:			
Members of the parent entity		**(47,278,548)**	**-**
Non-controlling interest	**30**	**(1,933,773)**	**-**
		(49,212,321)	**6,888,940**
Total comprehensive income attributable to:			
Members of the parent entity		**(49,185,505)**	**-**
Non-controlling interest	**30**	**(4,003,689)**	**-**
		(53,189,194)	**6,888,940**

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2014

Earnings / (loss) per share		Consolidated 2014 $	Consolidated 2013 $
From continued and discontinued operations:			
Basic earnings / (loss) per share (cents per share)	8	(19.0)	1.0
Diluted earnings / (loss) per share (cents per share)	8	N/A	1.0
From continued operations:			
Basic loss per share (cents per share)	8	(19.0)	(2.3)
Diluted loss per share (cents per share)	8	N/A	(2.3)
From discontinued operations:			
Basic earnings per share (cents per share)	8	N/A	3.3
Diluted earnings per share (cents per share)	8	N/A	3.3

The accompanying notes form part of these consolidated financial statements

Consolidated Statement of Financial Position as at 30 June 2014

	Note	Consolidated 2014 $	Consolidated 2013 $
Current assets			
Cash and cash equivalents	**9**	8,704,374	8,439,558
Trade and other receivables	**10**	485,268	279,504
Total current assets		**9,189,642**	**8,719,062**
Non-current assets			
Exploration and evaluation expenditure	**11**	76,762,076	25,291,518
Property, plant and equipment	**12**	4,103,027	-
Other receivables	**10**	3,413,417	500,000
Available for sale financial assets	**13**	2,430,319	-
Other financial assets	**14**	-	7,880,000
Investment in associate	**15**	21,735,527	21,950,000
Total non-current assets		**108,444,366**	**55,621,518**
Total assets		**117,634,008**	**64,340,580**
Current liabilities			
Trade and other payables	**16**	14,404,987	1,793,161
Financial liabilities	**17**	69,139,092	40,730,245
Borrowings	**18**	10,047,528	1,500,000
Total current liabilities		**93,591,607**	**44,023,406**
Non-current liabilities			
Financial liabilities	**17**	19,146,476	-
Borrowings	**18**	-	2,764,393
Total non-current liabilities		**19,146,476**	**2,764,393**
Total liabilities		**112,738,083**	**46,787,799**
Net assets		**4,895,925**	**17,552,781**
Equity			
Contributed equity	**19**	54,099,744	32,139,838
Reserves	**20**	9,379,919	4,241,245
Accumulated losses		(66,106,850)	(18,828,302)
Capital and reserves attributable to the owners of The Waterberg Coal Company Limited		**(2,627,187)**	**17,552,781**
Non-controlling interest	**30**	7,523,112	-
Total Equity		**4,895,925**	**17,552,781**

The accompanying notes form part of these consolidated financial statements

Consolidated Statement of Changes in Equity for the year ended 30 June 2014

Consolidated	Contributed equity $	Accumulated losses $	Share based payment reserve $	Foreign currency translation reserve $	Total $	Non controlling Interest $	Total equity $
Balance at 1 July 2012	**82,523,237**	**(108,240,479)**	**1,264,000**	**-**	**(24,453,242)**	**-**	**(24,453,242)**
Total comprehensive loss for the period	-	6,888,940	-	-	6,888,940	-	6,888,940
Total comprehensive loss for the period	-	6,888,940	-	-	6,888,940	-	6,888,940
Transactions with owners in their capacity as owners							
Capital reduction	(82,523,237)	82,523,237	-	-	-	-	-
Shares issued, net of transaction costs	32,139,838	-	-	-	32,139,838	-	32,139,838
Share based payment	-	-	2,977,245	-	2,977,245	-	2,977,245
Balance at 30 June 2013	**32,139,838**	**(18,828,302)**	**4,241,245**	**-**	**17,552,781**	**-**	**17,552,781**
Loss for the period	-	(47,278,548)	-	-	(47,278,548)	(1,933,773)	(49,212,321)
Other comprehensive loss							
Foreign currency translation	-	-	-	(1,906,957)	(1,906,957)	(2,069,916)	(3,976,873)
Total comprehensive loss for the period	-	(47,278,548)	-	(1,906,957)	(49,185,505)	(4,003,689)	(53,189,194)
Transactions with owners in their capacity as owners							
Shares issued, net of transaction costs	10,933,032	-	-	-	10,933,032	-	10,933,032
Shares issued on acquisition	11,026,874	-	-	-	11,026,874	-	11,026,874
Share based payment	-	-	7,045,631	-	7,045,631	-	7,045,631
Non-controlling interest on acquisition of subsidiary	-	-	-	-	-	11,526,801	11,526,801
Balance at 30 June 2014	**54,099,744**	**(66,106,850)**	**11,286,876**	**(1,906,957)**	**(2,627,187)**	**7,523,112**	**4,895,925**

The accompanying notes form part of these consolidated financial statements

The Waterberg Coal Company Ltd and Controlled Entities ABN 64 065 480 453

Consolidated Statement of Cash Flows for the year ended 30 June 2014

	Note	Consolidated 2014 $	Consolidated 2013 $
Cash flow from operating activities			
Receipts from customers (inc GST)		-	-
Payments to suppliers (inc GST) and employees		(6,021,715)	(4,385,812)
Interest paid		-	-
Interest received		333,814	27,246
Net cash outflows from operating activities	**21**	**(5,687,901)**	**(4,358,566)**
Cash flow from investing activities			
Payment for exploration and development		(584,701)	(18,735)
Acquisition in plant and equipment		(61,219)	-
Cash acquired on acquisition of subsidiary		75,789	-
Payments for investment in associates		-	(24,018,026)
Loans to associates		-	(2,350,000)
Settlement of DOCA		-	(2,277,577)
Net cash outflows from investing activities		**(570,131)**	**(28,664,338)**
Cash flow from financing activities			
Proceeds from share issues, net of transaction costs		6,608,551	7,139,838
Proceeds from borrowings		8,750,000	33,437,873
Repayment of borrowings		(2,500,000)	-
Loans repaid to other entities		(2,835,594)	-
Loans to other entities		(1,492,915)	-
Payment of transaction costs		(1,350,000)	-
Net cash inflows from financing activities		**7,180,042**	**40,577,711**
Net increase / (decrease) in cash and cash equivalents held		922,010	7,554,807
Cash and cash equivalents at the beginning of the year		8,439,558	433,294
Net foreign exchange differences		(657,194)	451,457
Cash and cash equivalents at the end of the year	**9**	**8,704,374**	**8,439,558**

The accompanying notes form part of these consolidated financial statements

1. Corporate information

The Waterberg Coal Company Limited (the 'Company') is a Company limited by shares, domiciled and incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange and the Johannesburg Stock Exchange.

The nature of operations and principal activities of The Waterberg Coal Company Limited and its controlled entities (the 'Group') are coal and mineral exploration.

The financial report of the Group for the year ended 30 June 2014 was authorised for issue in accordance with a resolution of Directors on 30 September 2014.

2. Summary of significant accounting policies

a) Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standards and Interpretations and complies with other requirements of the law.

The Group is a for – profit entity for financial reporting purposes under Australian Accounting Standards.

The financial report has also been prepared on a historical cost basis. The presentation currency is Australian dollars.

The accounting policies disclosed below have been consistently applied to all of the years presented unless otherwise stated.

Going Concern

This report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business.

The Group incurred a net loss after tax for the year ended 30 June 2014 of $49,212,321 and experienced net cash outflows from operating activities of $5,687,901. At 30 June 2014, the Group had a net working capital deficiency of $84,401,965. The cash and cash equivalents balance at the date of issuing this report is $8,704,374, which includes a restricted cash balance of $6,601,062.

Waterberg Coal Company Limited has requested the Lenders under the Convertible Debt Facility, which is currently scheduled to mature on 9 October 2014, to extend the facility for a six month period. The amount due in respect of this facility in cash is $35 million plus accrued interest of $6,964,978. The Group has not received approval for the requested extension. The lenders may also agree to the release of the restricted cash secured to the Lenders on an ad hoc basis as required for general corporate expenses although no formal arrangements have been concluded in this regard.

In addition to this facility, the Group also has various other borrowings and trade creditors due prior to 30 November 2014 totalling $22,349,695 including accrued interest. These amounts will also be required to be repaid, refinanced and maturities extended.

Notwithstanding the ability of the Group to refinance its short term borrowings, in order for the Group to continue as a going concern, and to progress the Waterberg Coal Project into production, the Group has to receive regulatory approval, and raise adequate project financing.

The Directors believe that it is reasonably foreseeable that the Group will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report after consideration of the following factors:

- The ability (as supported by the Group's past trade record) to issue additional shares under the Corporation Act 2001 to raise further working capital;
- The ongoing discussions with its financiers in respect to extending or refinancing its borrowings;
- The ongoing discussions with financiers and investors to fund the development of the Waterberg Coal Project; and
- Receipt of full regulatory approval for the development.

Should the Group not be able to obtain funds and refinance its borrowings, there is significant uncertainty whether the Group will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in this financial report. The financial report does not contain any adjustments relating to the recoverability and classification of recorded assets or to the amounts or classification of recorded assets or liabilities that might be necessary should the Group not be able to continue as a going concern.

b) Statement of compliance

The financial report complies with Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

c) New accounting standards and interpretations issued but not yet effective

The following applicable accounting standards and interpretations have been issued or amended but are not yet effective. These standards have not been adopted by the Group for the year ended 30 June 2014 and no change to the Group's accounting policy is required.

Reference	Title	Summary	Impact on Group's financial report	Application date for Group
AASB 9 (issued December 2009 and amended December 2010 and June 2014)	Financial Instruments	Amends the requirements for classification and measurement of financial assets. The available-for-sale and held-to-maturity categories of financial assets in AASB 139 have been eliminated. Under AASB 9, there are three categories of financial assets: • Amortised cost • Fair value through profit or loss • Fair value through other comprehensive income. The following requirements have generally been carried forward unchanged from AASB 139 *Financial Instruments: Recognition and Measurement* into AASB 9: • Classification and measurement of financial liabilities; and • Derecognition requirements for financial assets and liabilities. However, AASB 9 requires that gains or losses on financial liabilities measured at fair value are recognised in profit or loss, except that the effects of changes in the liability's credit risk are recognised in other comprehensive income.	The entity has financial assets classified as available-for-sale. When AASB 9 is first adopted, the entity will reclassify these into the fair value through profit or loss category. On 1 July 2018, the cumulative fair value changes in the available-for-sale reserve will be reclassified into retained earnings and subsequent fair value changes will be recognised in profit or loss. These changes apply prospectively so comparatives do not need to be restated. The entity has financial liabilities measured at fair value through profit or loss. The amendments require that any changes in fair value attributable to the liability's credit risk be recognised in other comprehensive income instead of profit or loss. There will be no impact on the financial statements when these amendments are first	1 July 2018

Reference	Title	Summary	Impact on Group's financial report	Application date for Group
			adopted because they apply prospectively from 1 July 2018.	
AASB 2013-9 (issued December 2013)	Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments	Makes two amendments to AASB 9: • Adding the new hedge accounting requirements into AASB 9, and • Making available for early adoption the presentation of changes in 'own credit' in other comprehensive income (OCI) for financial liabilities under the fair value option without early applying the other AASB 9 requirements. Under the new hedge accounting requirements: • The 80-125% highly effective threshold has been removed • Risk components of non-financial items can qualify for hedge accounting provided that the risk component is separately identifiable and reliably measurable • An aggregated position (i.e. combination of a derivative and a non-derivative) can qualify for hedge accounting provided that it is managed as one risk exposure • When entities designate the intrinsic value of options, the initial time value is deferred in OCI and subsequent changes in time value are recognised in OCI • When entities designate only the spot element of a forward contract, the forward points can be deferred in OCI and subsequent changes in forward points are recognised in OCI. Initial foreign currency basis spread can also be deferred in OCI with subsequent changes be recognised in OCI • Net foreign exchange cash flow positions can qualify for hedge accounting.	The application date of AASB 9 has been deferred to 1 January 2018. The entity has not yet made an assessment of the impact of these amendments.	1 July 2018
IFRS 15 (issued June 2014)	Revenue from Contracts with Customers	An entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the	Due to the recent release of this standard, the entity has not yet made a detailed	1 July 2017

Reference	Title	Summary	Impact on Group's financial report	Application date for Group
		consideration to which the entity expects to be entitled in exchange for those goods or services. This means that revenue will be recognised when control of goods or services is transferred, rather than on transfer of risks and rewards as is currently the case under IAS 18 *Revenue*.	assessment of the impact of this standard.	
AASB 2014-3 (issued August 2014)	Amendments to Australian Accounting Standards - Accounting for Acquisitions of Interests in Joint Operations	When an entity acquires an interest in a joint operation whose activities meet the definition of a 'business' in AASB 3 *Business Combinations*, to the extent of its share of assets, liabilities, revenues and expenses as specified in the contractual arrangement, the entity must apply all of the principles for business combination accounting in AASB 3, and other IFRSs, to the extent that they do not conflict with AASB 11 *Joint Arrangements*. This means that it will expense all acquisition-related costs and recognise its share, according to the contractual arrangements, of: • Fair value of identifiable assets and liabilities, unless fair value exceptions included in AASB 3 or other IFRSs, and • Deferred tax assets and liabilities that arise from the initial recognition of an asset or liability as required by AASB 3 and AASB 112 *Income Taxes*. Goodwill will then be recognised as the excess consideration over the fair value of net identifiable assets acquired.	There will be no impact on the financial statements when these amendments are first adopted because they apply prospectively to acquisitions of interests in joint operations.	1 July 2016
AASB 2012-6 (issued September 2012)	Amendments to Australian Accounting Standards - Mandatory Effective Date of AASB 9 and Transition Disclosures	Defers the effective date of AASB 9 to 1 January 2015. Entities are no longer required to restate comparatives on first time adoption. Instead, additional disclosures on the effects of transition are required.	As comparatives are no longer required to be restated, there will be no impact on amounts recognised in the financial statements. However, additional disclosures will be required on transition, including the quantitative effects of reclassifying financial assets on transition.	1 July 2015
AASB 2014-1 Amendments to Australian	Annual Improvements to 2010-2012	IFRS 2 *Share-based Payment* The amendment clarifies the definition of vesting conditions and	There will be no impact on the financial statements when these	1 July 2014

Reference	Title	Summary	Impact on Group's financial report	Application date for Group
Accounting Standards (issued June 2014)	and 2011-2013 Cycles	market conditions by separately defining a performance condition and a service condition, both of which were previously incorporated within the definition of a vesting condition without themselves being specifically defined.	amendments are first adopted because they apply prospectively to share-based payment transactions for which the grant date is on or after 1 July 2014.	
AASB 2014-1 Amendments to Australian Accounting Standards (issued June 2014)	Annual Improvements to 2010-2012 and 2011-2013 Cycles	AASB 8 *Operating Segments* When operating segments have been aggregated in determining reportable segments, additional disclosures are required regarding judgments made by management in applying the aggregation criteria used to assess that the aggregated segments have similar economic characteristics, including: • A description of the operating segments that have been aggregated The economic indicators considered in determining that the aggregated operating segments share similar economic characteristics.	There will be no impact on the financial statements when these amendments are first adopted because this is a disclosure standard only. Further, because the group does not currently aggregate operating segments in determining reportable segments, it is unlikely that any additional disclosures will be required when this amendment is adopted for the first time for the year ended 30 June 2015.	1 July 2014
AASB 2014-1 Amendments to Australian Accounting Standards (issued June 2014)	Annual Improvements to 2010-2012 and 2011-2013 Cycles	AASB 24 *Related Party Disclosures* The amendment clarifies that an entity that provides key management personnel services ('management entity') to a reporting entity (or to the parent of the reporting entity), is a related party of the reporting entity. The amendment also requires separate disclosure of amounts recognised as an expense for key management personnel services provided by a separate management entity (but not in the categories set out in AASB 124.17).	There will be no impact on the financial statements when these amendments are first adopted because this is a disclosure standard only. As the group does not currently engage the services of a management entity, it is also unlikely that any additional disclosures will be required when this amendment is adopted for the first time for the year ended 30 June 2015.	1 July 2014

There are no other standards that are not yet effective and that are expected to have a material impact on the Group in the current of future reporting periods and on foreseeable future transactions.

d) Basis of consolidation

The consolidated financial statements comprise the financial statements of The Waterberg Coal Company Limited ('the Company') and its controlled entities as at 30 June 2014 ('the Group').

Subsidiaries are all those entities (including special purpose entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The financial statements of the controlled entities are prepared for the same reporting period as the parent Company, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-company transactions have been eliminated in full.

e) Business combinations

The acquisition of controlled entities is accounted for using the acquisition method of accounting. The acquisition method of accounting involves recognising at acquisition date, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The identifiable assets acquired and the liabilities assumed are measured at their acquisition date fair values.

The difference between the above items and the fair value of the consideration (including the fair value of any pre-existing investment in the acquiree) is goodwill or a discount on acquisition.

A change in the ownership interest of a controlled entity that does not result in a loss of control, is accounted for as an equity transaction.

f) Asset acquisitions

When an asset acquisition does not constitute a business combination, the assets and liabilities are assigned a carrying amount based on their relative fair values in an asset purchase transaction and no deferred tax will arise in relation to the acquired assets and assumed liabilities, as the initial recognition exemption for deferred tax under AASB 112 *Income Taxes* applies. No goodwill will arise on the acquisition.

g) Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash at bank and in hand and short term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above excluding any outstanding bank overdrafts. Bank overdrafts are included within interest-bearing loans and borrowings in current liabilities on the consolidated statement of financial position.

h) Trade and other receivables

Trade receivables, which generally have 30 – 90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

Impairment of trade receivables is continually reviewed and those that are considered to be uncollectible are written off by reducing the carrying amount directly. An allowance account is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original contractual terms. Factors considered by the Group in making this determination include known significant financial difficulties of the debtor, review of financial information and significant delinquency in making contractual payments to the Group. The impairment allowance is equal to the difference between the carrying amount of the receivable and the present value of estimated future cash flows, discounted at the original effective interest rate. Where receivables are short-term, discounting is not applied in determining the allowance.

The amount of the impairment loss is recognised in the consolidated statement of comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the consolidated statement of comprehensive income.

i) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership is transferred to the Group, are classified as finance leases.

Finance leases are capitalised by recognising an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses in the periods in which they are incurred.

j) Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets and assets arising from employee benefits that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the consolidated statement of financial position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the statement of financial position.

A discontinued operation is a component of the Group that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale.

k) Impairment of non-financial assets

At the end of the reporting period, the Group assesses whether there is any impairment indicator. The assessment includes consideration of external and internal sources of information. If such indicators exist, an impairment test is performed. Impairment testing is performed by comparing the recoverable amount of the asset with the higher of value in use and fair value less costs to sell the asset. Any excess is expensed to the profit/loss.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate the impairment may have reversed.

l) Intangible assets

Intangible assets are initially measured at cost. Following initial recognition, they are carried at cost less accumulated amortisation and impairment. Intangibles with a finite life are amortised over their useful lives and assessed for impairment annually where there is an indicator of impairment.

m) Exploration and evaluation expenditure

Exploration and evaluation expenditure costs related to each identifiable area of interest are carried forward to the extent that:

i. The rights to tenure of the areas of interest are current and the Group controls the area of interest in which the expenditure has been incurred; and
ii. Such costs are expected to be recouped through successful development and exploitation of the area of interest, or alternatively by its sale; or
iii. Exploration and evaluation activities in the area of interest have not at the reporting date reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to the area of interest are continuing.

Exploration and evaluation expenditure are generally capitalised where a JORC (Joint Ore Reserves Committee) resource has been identified and probable future economic benefits are demonstrated.

When the technical feasibility and commercial viability of extracting a mineral resource have been demonstrated then any capitalised exploration and evaluation expenditure is reclassified as capitalised mine development. Prior to reclassification, capitalised exploration and evaluation expenditure is assessed for impairment.

In the event that an area of interest is abandoned or if the directors consider the expenditure to be of no value, accumulated costs carried forward are written off in the year in which that assessment is made. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Impairment
Exploration and evaluation assets are assessed annually for indicators of impairment and where impairment indicators exist, recoverable amounts of these assets will be estimated based on discounted cash flows from their associated cash generating units. The consolidated statement of comprehensive income will recognise expenses arising from the excess of the carrying values of exploration and evaluation assets over the recoverable amounts of these assets.

n) Property, plant and equipment
Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the Group will include the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Surface rights refer to ownership of the land that the entity intends to mine, and is separate from a license to tenure over the land. These assets will be classified as property and carried at cost. The property will be amortised over a life of mine basis, with amortisation commencing upon production of saleable coal.

Depreciation

The depreciation amount of all fixed assets including building and capitalised lease assets is depreciated on a straight line basis over their useful lives to the Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	*Depreciation Rate*
Office furniture & equipment	4 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in profit or loss.

o) Trade and other payables

Liabilities for trade and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

p) Interest-bearing liabilities (borrowings)

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds of borrowings (net of transaction costs) and the redemption amount is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised.

Borrowing costs

Borrowing costs are recognised as expenses in the period in which they are incurred, except for those relating to qualifying assets. Borrowing costs include interest on borrowings.

q) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) 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.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at balance date. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the time value of money and the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised in finance costs.

Employee leave benefits

Wages, salaries and annual leave

The provisions for employee benefits for wages, salaries (including non-monetary benefits) and annual leave resulting from employees' services provided up to the balance date, that are expected to be settled within one year of the reporting date have been measured at the undiscounted amounts expected to be paid when the liability is settled based on current wage and salary rates including related on-costs. Expected future payments beyond one year are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

Employee benefit on-costs

Employee benefit on-costs, such as payroll tax and superannuation, are recognised and included in employee benefit liabilities and costs when the employee benefits to which they relate are recognised.

Equity settled transactions

The Group provides benefits to employees (including key management personnel) of the Group in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares ("equity settled transactions"), under the Waterberg Coal Executive Option Plan.

The fair value of options granted under the Group's Executive Share Option Plan is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the vesting period.

The fair value at grant date is determined using an appropriate option pricing model that takes into account exercise price, term of the option, vesting and performance criteria, dilution impact, the non-tradeable nature of the option, share price at grant date and expected price volatility of the underlying share, expected dividend yield and risk free interest rate for the term of the option, further details of which are given in note 23.

The fair value of the options granted excludes the impact of any non-market vesting conditions (for example (profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance date, the entity revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate.

r) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

s) Revenue recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

Sales are recognised as revenue only when there has been a passing of title and risk to the customer, and:

(a) the product is in a form suitable for delivery and no further processing is required by, or on behalf of the entity;
(b) quantity and quality (grade) of the product can be determined with reasonable accuracy;
(c) the product has been dispatched to the customer and is no longer under the physical control of the Group (or property in the product has earlier passed to the customer);
(d) the selling price can be measured reliably;
(e) it is probable that the economic benefits associated with the transaction will flow to the Group; and
(f) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest income is recognised on a time proportion basis using the effective interest rate method.

t) Income tax and other taxes

The income tax expense or revenue for the period is the tax payable on the current period's taxable income / (loss) based on the notional income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for all temporary differences at the tax rates expected to apply when the assets are realised or liabilities are settled, based on those tax rates (and tax laws) that are enacted or substantively enacted for each jurisdiction at the balance date. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences and carry-forward of unused tax credits and unused tax losses only if it is probable that future taxable profits will be available to utilise those deductible temporary differences and carry-forward of unused tax credits and unused tax losses. Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future. Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity and not in profit or loss.

The carrying amount of deferred income tax assets is reviewed at each balance date 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 each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Other taxes
Revenues, expenses and assets are recognised net of the amount of GST except:
- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.

Cash flows are included in the consolidated statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, that is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

u) Earnings per share

i. Basic earnings per share
Basic earnings per share is calculated by dividing the net profit (loss) attributable to members of the parent, by the weighted average number of ordinary shares, adjusted for any bonus element and the requirements outlined in paragraph 64 of AASB 133.

ii Diluted earnings per Share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares currently held as options.

v) Investments in controlled entities
All investments are initially recognised at cost, being the fair value of the consideration given. Subsequent to the initial measurement, investments in controlled entities are carried at cost less accumulated impairment losses.

w) Investments in associates
Associates are companies in which the Group has significant influence through holding, directly or indirectly, 20% or more of the voting power of the Group. Investments in associates are accounted for in the financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Group’s share of net assets of the associate company. In addition, the Group’s share of the profit or loss of the associate company is included in the Group’s profit or loss.

The carrying amount of the investment includes goodwill relating to the associate. Any discount on acquisition whereby the Group’s share of the net fair value of the associate exceeds the cost of investment is recognised in profit or loss in the period in which the investment is acquired.

Profits and losses resulting from transactions between the Group and the associate are eliminated to the extent of the Group’s interest in the associate.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. When the associate subsequently makes profits, the Group will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised. Details of the Group's investments in associates are provided in note 15.

x) Interests in joint operations

Under AASB 11 *Joint Arrangements*, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

The Group recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the financial statements under the appropriate headings.

y) Financial Instruments

Recognition

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date the company commits itself to either the purchase or sale of the asset (i.e. trading date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which the transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at air value, amortised cost using the effective interest method, or cost.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principle repayment and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transaction, reference to similar instruments and option pricing models.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) over the expected life (or when this cannot be reliably predicted, the contractual terms) of the financial instrument to the net carrying amount of the financial asset or financial liability.

i) Financial assets at fair value through profit and loss

Financial assets are classified as "fair value through profit or loss" when they are held for trading for the purpose of short term profit trading, derivatives not held for hedging purposes or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss.

ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

iii) Available for sale financial assets

If there is objective evidence of impairment for available for sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised profit or loss. Refer to note 13.

Impairment losses on equity instruments that were recognised in profit or loss are not reversed through profit or loss in a subsequent period.

iv) Held-to-maturity investments
These investments have fixed maturities, and it is the Group's intention to hold these investments to maturity. Any held-to-maturity investments held by the Group are stated at amortised cost using the effective interest rate method.

z) Financial Liabilities
Non-derivative financial liabilities are initially recognized at fair value net of directly attributable transaction costs. On subsequent measurement, non-derivative financial liabilities are measured at amortised cost using the effective interest method.

Compound financial instruments
Compound financial instruments issued by the Group comprise convertible notes that can be converted to ordinary shares at the option of the holder, when the number of shares to be issued is fixed. The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured subsequent to initial recognition. Interest related to the financial liability is recognised in profit or loss. On conversion the financial liability is reclassified to equity and no gain or loss is recognised.
Convertible notes that can be converted to share capital at the option of the holder and where the number of shares is variable, contains an embedded derivative liability. The embedded derivative liability is calculated (at fair value) first and the residual value is assigned to the debt host contract. The embedded derivative is subsequently measured at fair values and movements are reflected in the profit and loss.

Certain convertible notes issued by the Group which include embedded derivatives (option to convert to variable number of shares in the Group is recognised as financial liabilities at fair value through profit or loss. On initial recognition, the fair value of the convertible note will equate to the proceeds received and subsequently the liability is measured at fair value at each reporting period until settlement. The fair value movements are recognised on the profit and loss as finance costs.

aa) Comparative information
Where required by Australian Accounting Standards, or allocations changes are relevant to the current years reporting, comparatives have been adjusted to conform to changes in presentation for the current financial period.

bb) Foreign Currency Transactions and Balances
Functional and presentation currency
The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars, which is the parent entity's functional currency.

Transactions and balances
Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss, except where deferred in equity as a qualifying cash flow or net investment hedge.
Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recognised in other comprehensive income; otherwise the exchange difference is recognised in profit or loss.

Group companies
The financial results and position of foreign operations, whose functional currency is different from the Group's presentation currency, are translated as follows:

- assets and liabilities are translated at exchange rates prevailing at the end of the reporting period;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations with functional currencies other than Australian dollars are recognised in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position. The cumulative amount of these differences is reclassified into profit or loss in the period in which the operation is disposed of.

3. Financial risk management objectives and policies

The Group's principal financial instruments comprise bank loans, convertible notes, other financial assets, finance leases and cash and short-term deposits.

The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables that arise directly from its operations. The main risks arising from the Group's financial instruments are price risk, credit risk and liquidity risk. The Board reviews and agrees policies for managing each of these risks as summarised below.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2 to the financial statements. Refer to note 24 for further details.

4. Significant accounting judgements, estimates and assumptions

The preparation of financial statements requires estimates and assumptions concerning the application of accounting policies to be made by the Group. These assumptions, judgements and estimates are continually evaluated and are believed to be reasonable based on the most current information available to management. The resultant accounting outcomes however will inevitably rarely equate to the actual outcome. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Significant judgements, estimates and assumptions made by management in the preparation of these financial statements are outlined below:

<u>Key estimates</u>
(i) Share based payment transactions
The Group measures the cost of equity settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black Scholes formula taking into account the terms and conditions upon which the instruments were granted, as discussed in note 23.

(ii) Impairment – general
The Group assesses impairment at the end of each reporting period by evaluating conditions and events specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

No impairment has been recognised during this financial year (2013: nil).

(iii) Fair value of convertible notes

Convertible notes that can be converted to share capital at the option of the holder and where the number of shares is variable, contains an embedded derivative liability. The embedded derivative liability is calculated (at fair value) first and the residual value is assigned to the debt host contract. The embedded derivative is subsequently measured at fair value and movements are reflected in the profit or loss.

Certain convertible notes issued by the Group which include embedded derivatives (option to convert to variable number of shares in the Group) are recognised as financial liabilities at fair value through profit or loss. On initial recognition, the fair value of the convertible note will equate to the proceeds received and subsequently the liability is measured at fair value at each reporting period until settlement. The fair value movements are recognised in the profit or loss as finance costs. The subjectivity of the method of fair valuing these convertible notes lies in the method on the calibration adjustment is released to the profit or loss statement over the life of the note. See note 25 for further details.

(iv) Accounting for exploration and evaluation expenditure
The Group capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage that permits a reasonable assessment of the existence of reserves. While there are certain areas of interest from which no reserves have been extracted, the directors are of the continued belief that such expenditure should not be written off since feasibility studies in such areas have not yet concluded.

Key judgements
In the process of applying the entity's accounting policies, management makes various judgements, apart from those involving estimations, that can significantly affect the amounts recognised in the financial statements. Specifically, management made judgements in determining the fair value classification of its suite of convertible notes and investments.

Controlled entities with ownership interests of less than 50% of the voting rights
The Directors have concluded that the group controls Firestone Energy Limited, even though it holds only 45.88% on the basis that the group has power over the relevant activities of Firestone Energy Limed through its:

- Voting rights at the investee's board meetings
- Provision of key management personnel to the investee
- Provision of financing

This transaction has been accounted for as an asset acquisition as Firestone Energy Limited did not constitute a business under AASB 3 *Business Combinations* (see further details in note 33).

5. Segment information

Management has determined the operating segments based on the reports reviewed by the board of directors that are used to make strategic decisions. The entity does not have any operating segments with discrete financial information.

The Board of Directors review internal management reports on a monthly basis that is consistent with the information provided in the statement of comprehensive income, statement of financial position and statement of cash flows. As a result no reconciliation is required because the information as presented is what is used by the Board to make strategic decisions.

6. Expenses

	Consolidated 2014 $	Consolidated 2013 $
(a) Employee benefits expense		
Wages, salaries and superannuation	974,835	3,655
	974,835	**3,655**
(b) Finance costs		
Facility fees on convertible notes at fair value	1,887,535	1,124,351
Interest expense	10,533,331	-
Amortisation of convertible note transaction costs	285,974	-
Net expense on financial assets and liabilities at fair value through profit and loss	22,505,247	5,730,245
	35,212,087	**6,854,596**
(c) Other expenses		
Corporate costs	419,421	345,186
Accounting and audit fees	92,161	86,417
Travel and accommodation expenses	478,964	334,700
Other expenses	363,801	422,771
	1,354,347	**1,189,074**

7. Income tax expense / (benefits)

	2014	2013
(a) Income tax expense / (benefit)		
Current tax	-	-
Deferred tax	-	-
	-	-
Deferred income tax / (benefit) expense included in income tax expense comprises:		
Decrease / (increase) in deferred tax assets	-	-
(Decrease) / increase in deferred tax liabilities	-	-
	-	-
(b) Reconciliation between aggregate tax benefit recognised in the income statement and tax calculated per the statutory income tax rate		
Profit / (loss) from ordinary activities before income tax	**(49,212,321)**	**6,888,940**
Income tax (loss) / benefit at the statutory rate of 30% (2013: 30%)	(14,763,696)	2,066,682
Tax effect of amounts that are not deductible in calculating taxable income:		
Share-based payments	2,113,689	893,171
Impairment losses	-	576,000
Other – fair value movement in liabilities	11,954,557	-
Other timing differences not recognised	474,410	-
Unrecognised tax losses	221,040	-
	-	3,535,853
Benefit of tax losses not brought to account	-	(3,535,853)
Income tax expense	-	-
(c) Tax losses		
Unused tax losses for which no deferred tax asset has been recognised	**97,401,259**	**49,001,960**

All unused tax losses were incurred by Australian entities.

The Group has a large amount of carried forward tax losses of which the unrecognised deferred tax assets are materially greater than the level of deferred tax liabilities. The Group has not recognised income tax expense, tax assets and tax liabilities as it is not probable that future taxable amounts will be available to utilise those temporary differences.

Unrecognised deferred tax balances in overseas entities will only be available following a full review in the relevant jurisdiction.

8. Earnings / (Losses) per share

The following reflects the net profit / (loss) and share data used in the basic and diluted earnings per share computations:

	Consolidated 2014 $	Consolidated 2013 $
Profit / (loss) from continuing and discontinuing operations (used in calculating basic and diluted EPS)	**(49,212,321)**	**6,888,940**
Profit / (loss) from continuing operations (used in calculating basic and diluted EPS)	**(49,212,321)**	**(15,553,571)**
Profit / (loss) from discontinued operations (used in calculating basic EPS)	**-**	**22,442,511**
Weighted average number of ordinary shares for basic loss per share	252,961,693	680,761,692
Weighted average number of ordinary shares adjusted for the effect of dilution	N/A	680,761,692

There are no instruments (e.g. share options) excluded from the calculation of diluted earnings per share that could potentially dilute basic earnings per share in the future because they are anti-dilutive for either of the periods presented.

The issued shares in the Group were consolidated on a 1 for 60 basis on 17 July 2012 and on a 1 for 10 basis on 9 April 2013. The post consolidation shares have been used for the purpose of calculating the basic and diluted earnings per share as required by paragraph 64 of AASB 133.

9. Cash and cash equivalents

	Consolidated 2014 $	Consolidated 2013 $
Cash at bank and in hand	2,103,312	1,475,043
Restricted cash [1]	6,601,062	6,964,515
	8,704,374	**8,439,558**

Short term deposits earn interest at floating rates based on prevailing bank deposit rates.

[1] Included in the cash balance is $6,601,062 (2013: 6,964,515) held as a security deposit on the AUD 35 million convertible note facility (note 17). The deposit is subject to a put/call option of AUD 6.5 million and will be released to the Group on conversion or repayment of the facility after 18 months from the date of the draw down. The Group is not entitled to interest revenue until 18 months from the date of the draw down.

10. Trade and other receivables

Current	Consolidated 2014 $	Consolidated 2013 $
GST receivable	133,552	112,837
Prepayments	350,336	-
Other receivables	1,380	-
Interest receivable	-	166,667
	485,268	**279,504**

Receivables are non-interest bearing and are generally on 30 day terms and therefore due to their short term nature, their carrying values approximate their fair values. A provision is recognised when there is objective evidence that the individual trade receivable is impaired. The receivables credit risk has been reviewed and assessed as immaterial as the counterparties are recognised and reputable companies. None of the current receivables are impaired nor past due.

Non current	Consolidated 2014 $	Consolidated 2013 $
Environmental rehabilitation bond	1,420,502	-
Advances to Sekoko Coal (Pty) Ltd	1,992,624	500,000
Advances to Sekoko Resources (Pty) Ltd	291	-
	3,413,417	**500,000**

The Group agreed to provide Sekoko Coal (Pty) Ltd with an unsecured loan of $1,992,624 for expenditure on the Waterberg Coal Project. The loan is non-interest bearing and will be repayable once the project generates revenue. As these loans are repayable at call, their fair value approximates their carrying value at reporting date.

Information about the Group's exposure to foreign exchange risk and interest rate risk is provided in note 24.

11. Exploration and evaluation expenditure

	Consolidated 2014 $	Consolidated 2013 $
Opening balance at beginning of the year	25,291,518	-
Interest in joint venture acquired on acquisition of Firestone Energy Limited (Exploration and Evaluation Expenditure) [1]	56,152,478	-
Additional exploration expenditure [1]	584,701	18,135
Acquisition of exploration interests [2]	-	25,273,383
Foreign currency movements	(5,266,621)	-
Carrying amount at the end of the year	**76,762,076**	**25,291,518**

[1] On 23 September 2013, the off-market takeover bid for all the ordinary shares in Firestone Energy Limited ('Firestone') closed (note 33). At the conclusion of the offer, the Company's shareholding in Firestone is 45.88%. The Group is a participant with Sekoko Coal (Pty) Ltd in a coal project in the Waterberg locality in South Africa.

Firestone is a participant with Sekoko Coal (Pty) Ltd in a coal project in the Waterberg locality in South Africa. The Company holds a 60% earn-in interest and Sekoko Coal (Pty) Ltd a 40% interest, and the project is funded in the same ratio. The joint venture is carried out through the Company's 100%-owned subsidiaries, Lexshell 126 General Trading (Pty) Ltd and Checkered Flag Investments 2 (Pty) Ltd.

The joint venture agreements in relation to the Waterberg joint venture require unanimous consent from all parties for all relevant activities. The joint venture is unincorporated. This entity is therefore classified as a joint operation and the Group recognises its direct right to the jointly held assets, liabilities, revenues and expenses as described in Note 2(x).

The principal place of business of the joint operation is in South Africa.

[2] Acquisition of exploration tenements includes the fair value of the shares issued to vendors of Ariona Company SA (note 32). The ultimate recoupment of costs carried forward for exploration expenditure is dependent on the successful development and commercial exploitation or sale of the respective mining areas.

Recoverability of the carrying amounts of exploration and evaluation expenditure assets is dependent on successful development and commercial exploitation or alternatively, sale of the respective area of interest.

12. Property, plant and equipment

	Consolidated 2014 $	Consolidated 2013 $
Office furniture and equipment:		
Cost	207,616	-
Accumulated depreciation	(139,526)	-
	68,090	**-**
Property – surface rights:		
Cost	4,034,937	-
Total property, plant and equipment	**4,103,027**	**-**

Movements in the carrying amounts of each class of property, plant & equipment are set out below:

	Consolidated 2014 $	Consolidated 2013 $
Office furniture and equipment		
Balance at the beginning of year	-	-
Additions [1]	101,171	-
Depreciation expense	(32,599)	-
Foreign exchange adjustment	(482)	-
Carrying amount at the end of the year	**68,090**	**-**
Property – surface rights		
Balance at the beginning of year	-	-
Additions [1]	4,305,283	-
Foreign exchange adjustment	(270,346)	-
Carrying amount at the end of the year	**4,034,937**	**-**

[1] On 23 September 2013, the off-market takeover bid for all the ordinary shares in Firestone Energy Limited ('Firestone') closed (note 33). At the conclusion of the offer, the Company's shareholding in Firestone is 45.88%. Office furniture and equipment additions include a net amount of $39,952 acquired. Property – surface rights additions include an amount of $4,305,283 acquired.

13. Available for sale financial assets

	Consolidated 2014 $	Consolidated 2013 $
Investment in Global Resource Investment Trust Plc [1]	4,324,481	-
Impairment charged to profit or loss [2]	(1,894,162)	-
	2,430,319	**-**

[1] On 7 March 2014, WCC entered into a Share Exchange Agreement with Global Resources Investment Trust Plc (‘GRIT’), a company listed on the London Stock Exchange. WCC has exchanged 20,000,000 new Ordinary shares in the Company at a price of approximately £0.1168 per share and WCC has received 2,335,220 ordinary shares in the capital of GRIT at the issue price of approx. AUD $4.32 million. As at 30 June 2014, Waterberg held a 6% share in GRIT. Refer to note 23 for further details.

[2] Due to the significant and sustained decline in value of GRIT shares, an impairment charge of $1,894,162 has been charged to the profit or loss.

14. Other financial assets

	Consolidated 2014 $	Consolidated 2013 $
Convertible notes at fair value through profit and loss [1]	-	5,000,000
Investment in Firestone Energy Ltd [1]	-	4,800,000
Fair value adjustment on investment [1]	-	(1,920,000)
	-	**7,880,000**

[1] On 23 September 2013, the off-market takeover bid for all the ordinary shares in Firestone Energy Limited (‘Firestone’) closed (note 33). At the conclusion of the offer, the Company’s shareholding in Firestone is 45.88%. Prior to the acquisition, the group help $5,000,000 worth of fully secured Firestone convertible notes. Prior to the takeover bid, Firestone was accounted for by the Group as an investment as disclosed above. However, Firestone is now a controlled entity and therefore these balances are eliminated on consolidation.

15. Investment in associate

	Consolidated 2014 $	Consolidated 2013 $
Investment in Sekoko Coal (Pty) Ltd	21,950,000	21,950,000
Share of loss of associate [1]	(214,473)	-
	21,735,527	**21,950,000**

[1] In June 2013 the Group acquired a 25% interest in Sekoko Coal (Pty) Ltd, resulting in a 10% indirect interest in the Waterberg Coal Project.

a) Principal activity and general information

Ownership interest in Sekoko Coal Pty Ltd at the end of that associate Company's reporting period was 25% of ordinary shares.

Name	Principal Activity	Country of Incorporation	Share	Ownership Interest	
				2014	2013
				%	%
Unlisted:					
Sekoko Coal (Pty) Ltd	Exploration and coal mining	South Africa	Ord	25%	25%

b) Summarised presentation of aggregate assets, liabilities and performance of associate at 25%

	30 June 2014
	$
Current assets	55,784
Non-current assets	1,664,061
Total assets	**1,719,845**
Current Liabilities	(1,785,831)
Non- current Liabilities	(363,248)
Total liabilities	**(2,149,079)**
Equity	**(429,234)**
Add fair value on acquisition	22,164,761
Carrying amount at 30 June 2014	**21,735,527**
Revenue	6,280
Loss	**(214,473)**

Sekoko Coal (Pty) Ltd has no commitments or contingent liabilities.

16. Trade and other payables

Unsecured	Consolidated 2014 $	Consolidated 2013 $
Trade creditors	3,092,115	1,307,646
Other creditors and accruals	1,041,442	485,515
Interest payable	10,271,430	-
	14,404,987	**1,793,161**

Trade payables are non-interest bearing and are normally settled on 30 day terms. Information about the Group's exposure to foreign exchange risk is provided in note 24. Refer to notes 17 and 18 for terms and details of interest payable on convertible notes and other borrowings.

17. Financial liabilities

Current	Consolidated 2014 $	Consolidated 2013 $
Convertible note facility at fair value [1]	69,139,092	40,730,245
	69,139,092	**40,730,245**

Non Current		
Convertible note facility at amortised cost [2]	19,146,476	-
	19,146,476	**-**

[1] The Group has entered into various convertible facility agreements. The facilities are due to mature in October and November 2014 or the lenders can elect to convert the loan to shares in the Group at any time. The notes incur interest at 12% + LIBOR or 12% + 1 month Australian Bank Bill rate. Interest is accrued monthly in arrears. Accrued interest is included in the interest payable balance in note 16. The total face value of the notes is ZAR 10,000,000 (AUD 1,003,600) and AUD 39,900,000.

If the lenders elect to convert the facility into shares the formula is 2.1 times the facility amount at a discount equivalent to 20% of the 30 day VWAP before the election to convert.

[2] The total face value of the notes is $22.145 million and the maturity date 31 January 2017. They bear interest at a fixed rate of 8% per annum. The notes can be converted at any time before the maturity date at a conversion price of $0.025. They are secured over the assets of Firestone Energy Limited and its subsidiaries.

The initial fair value of the liability portion of the convertible note was determined using a market interest rate for an equivalent non-convertible bond at the issue date. The liability is subsequently recognised on an amortised cost basis until extinguished on conversion or maturity of the notes. The remainder of the proceeds is allocated to the conversion option and recognised in shareholders' equity, net of income tax, and not subsequently remeasured.

The fair value as at 30 June 2014 of the convertible note liability recognised at amortised cost is $20.38 million.

18. Borrowings

Current	Consolidated 2014 $	Consolidated 2013 $
Unsecured loans carried at amortised cost		
Loan payable – Sekoko Resources (Pty) Ltd [1]	6,783,302	-
Loan payable – Richmond Capital LLP [2]	2,089,420	-
Loan payable – Resource Venture Capital Partners [2]	174,973	-
Loan payable – Haworth Finance Limited [2]	500,000	-
Loan payable – Celtic Capital Pty Ltd [3]	416,500	1,500,000
Loan payable – Jason and Lisa Peterson [4]	83,333	-
	10,047,528	**1,500,000**

Non-current	Consolidated 2014 $	Consolidated 2013 $
Unsecured loans carried at amortised cost		
Loan payable – Richmond Capital LLP [2]	-	2,089,420
Loan payable – Resource Venture Capital Partners [2]	-	174,973
Loan payable – Haworth Finance Limited [2]	-	500,000
	-	**2,764,393**

[1] Interest is charged at the South African prime rate of 9.0% (2013: 8.5%). The loan is unsecured.
[2] The loans are non-interest bearing and are repayable within six months from 30 June 2014. Resources Venture Capital Partners is a company of which Stephen Miller is a related party.
[3] In the prior year, the Group borrowed $1,500,000 from Celtic Capital Pty Ltd. The loan was refinanced on 18 October 2013 and is repayable within 12 months from 31 December 2013. Interest is charged at a fixed rate of 45%.
[4] The loan is repayable within 12 month from 31 December 2013 and interest is charged at a fixed rate of 50%.

19. Contributed equity

a) Ordinary shares

	Consolidated 2014 $	Consolidated 2014 $
313,265,213 issued and fully paid ordinary shares (2013: 177,005,123)	**54,099,744**	**32,139,838**

Fully paid ordinary shares carry one vote per share and carry the right to dividends. The shares have no par value. In the event of winding up of the Group, ordinary shareholders rank after creditors and are only entitled to any surplus proceeds of liquidation. At Shareholders' meetings, each ordinary share is entitled to one vote when a poll is called, otherwise, each shareholder as one vote on a show of hands.

Movement in ordinary shares on issue	Issue Price (cents)	Number of Shares	$
At 30 June 2012		**2,178,187,039**	**82,523,237**
Consolidated of capital at 1 for 60 and capital reduction	-	(2,141,885,817)	(82,523,237)
Shares issued via private placement	0.5	140,000,000	700,000
Shares issued via public offerings	2	150,000,000	3,000,000
Shares issued on acquisition (refer to note 23)	2	1,250,000,000	25,000,000
Placement – 27 March 2013	2	81,575,305	1,631,506
Consolidation of capital at 1 for 10	-	(1,492,088,874)	-
Placement – 9 April 2013	20	10,375,000	2,075,000
Placement – 11 April 2013	20	842,470	168,494
Costs of issue	-	-	(435,162)
At 30 June 2013		**177,005,123**	**32,139,838**
Shares issued via private placement	19	8,192,978	1,540,500
Shares issued via public offerings	20	7,502,500	1,500,500
Shares issued on acquisition of subsidiary (refer to notes 23 and 33)	15	71,792,189	11,026,874
Private Placement – 18 February 2014	20	800,000	160,000
Private Placement – 18 February 2014	17	6,200,000	1,053,923
Conversion of options – 17 March 2014	17	7,440,000	1,264,708
Subscription agreement with Global Resource Investment Trust Plc (refer to note 23)	22	20,000,000	4,324,481
Placement – 4 April 2014	17	1,000,000	169,987
Placement – 27 June 2014	6.8	13,332,423	1,000,000
Costs of issue	-	-	(81,067)
At 30 June 2014		**313,265,213**	**54,099,744**

b) Options over ordinary shares

	Consolidated 2014 No.	Consolidated 2013 No.
Options over ordinary shares	123,187,500	48,256,212
	123,187,500	**48,256,212**

Movement in options	Consolidated Number of Options
At 30 June 2012	**43,728,125**
Consolidated of capital at 1 for 60	(42,999,340)
Expiry of options	(41,666)
Consolidated of capital at 1 for 10	(618,407)
Issue of options to supplier	25,000,000
Issue of options to investors	23,187,500
At 30 June 2013	**48,256,212**
Issue of listed options	11,192,823
Issue of listed options	800,000
Issue of options to Directors	63,000,000
Issue of options to consultants	12,000,000
Issue of free attaching options	7,440,000
Exercise of options	(7,440,000)
Expiry of options	(68,712)
At 30 June 2014	**135,180,323**

On 26 April 2013, 25,000,000 unlisted options exercisable at 20c before 31 December 2016 were issued to Garrison Capital Pty Limited as consideration for corporate advisory services.

In April 2013, 23,187,500 unlisted options exercisable at 20c before 31 December 2014 were issued to investors (two free attaching options for every placement share acquired).

On 28 November 2013, 63,000,000 unlisted performance linked options exercisable at 30c before 31 December 2016 were issued to Directors.

On 11 December 2013, 12,000,000 unlisted options exercisable at 30c before 31 December 2016 were issued to consultants for services provided.

In September and December, 11,192,823 listed options were issued for nil consideration under the Placement. The options have an exercise price of $0.20 and expire 31 December 2014.

On 18 February 2014, 7,440,000 free attaching options with an exercise price of ZAR 1.78 and an expiry date of 31 December 2014 were issued as part of the private placement. These options were exercised on 17 March 2014.

On 18 February 2014, 800,000 free attaching listed options were issued as part of the private placement. The options have an exercise price of ZAR 1.78 and expire 31 December 2014.

No other options were issued during the 2014 financial year.

No option holder has any right under the options to participate in any other share issue of the Group or any other entity. No other options were exercised during the financial year.

c) Capital risk management

The Group's capital comprises share capital and reserves less accumulated losses. As at 30 June 2014, the Group has net assets of $4,895,925 (2013: $17,552,781). The Group manages its capital to ensure its ability to continue as a going concern and to optimise returns to its shareholders (refer note 2). In addition, refer to note 24 for further information on the Group's financial risk management policies. There have been no significant changes in the strategy adopted by management to control the capital of the Group since July 2012.

20. Reserves

Share based payment reserve	**Consolidated 2014 $**	**Consolidated 2013 $**
Balance at beginning of the year	4,241,245	1,264,000
Issued during the year	7,045,631	2,977,245
Balance at the end of the year	**11,286,876**	**4,241,245**

Nature and purpose of reserve
The share based payment reserve is used to record the value of equity benefits provided to directors and executives as part of their remuneration and non-employees for their services. Refer to note 23 for further details of this plan.

Foreign currency translation reserve	**Consolidated 2014 $**	**Consolidated 2013 $**
Balance at beginning of the year	-	-
Exchange differences arising on translation of foreign operations	(1,906,957)	-
Balance at the end of the year	**(1,906,957)**	**-**

Nature and purpose of reserve
The foreign currency translation reserve is used to record exchange differences arsing from the translation of foreign subsidiary balances.

Total reserves	**Consolidated 2014 $**	**Consolidated 2013 $**
Share based payment reserve	11,286,876	4,241,245
Foreign currency translation reserves	(1,906,957)	-
	9,379,919	**4,241,245**

21. Statement of cash flows reconciliation

	Consolidated 2014 $	Consolidated 2013 $
Reconciliation of net cash flows from operations with net profit / (loss) after income tax		
Net profit / (loss) after income tax	**(49,212,321)**	6,888,940
Adjustments for:		
Depreciation	32,599	-
Foreign exchange (gains) / losses	(1,736,930)	(451,457)
Share based payments	7,045,631	2,977,245
Settlement of DOCA debts	-	(22,442,511)
Share of loss of associate	214,473	-
Fair value movements on convertible notes	22,505,247	-
Fair value adjustment of non-current assets	-	1,920,000
Impairment of available for sale financial assets	1,894,162	-
Amortisation of convertible note transaction costs	285,974	-
Accretion of convertible notes	582,646	-
Finance expense	-	5,730,245
Other	-	600
Changes in assets and liabilities:		
(Increase) / decrease in receivables	288,325	(216,065)
(Increase) / decrease in prepayments	(350,336)	-
Increase / (decrease) in trade and other payables	1,409,389	1,234,437
Increase / (decrease) in accruals	11,353,240	-
Net cash outflows from operating activities	**(5,687,901)**	**(4,358,566)**

Non-cash financing and investing activities

Shares issued for asset acquisitions (refer to note 23)

22. Related party transactions

a) Key management personnel remuneration

	Consolidated 2014 $	Consolidated 2013 $
Short-term benefits	974,835	233,500
Post -employment benefits	-	-
Share-based payment	6,004,473	-
Termination benefits (paid / payable)	-	-
	6,979,308	**233,500**

b) Other related parties

Sekoko Coal Pty Ltd is an associate of the Group, a loan totalling $1,992,624 of which $1,492,624 was advanced during the year (note 10).

Resource Venture Capital Partners, a company of which Stephen Miller is a related party, has lent the group $174,973. The loan is non-interest bearing and is repayable by 30 September 2014.

23. Share based payments

Waterberg Coal Employee Share Option Plan
The Group has established an employee share option plan (ESOP). The objective of the ESOP is to assist in the recruitment, reward, retention and motivation of executives of the Group. Under the ESOP, the Directors may invite individuals acting in a manner similar to employees to participate in the ESOP and receive shares or options. An individual may receive the options, or shares, or nominate a relative or associate to receive the options or shares. The plan is open to executive officers, nominated consultants and employees of the Group.

The fair value at grant date of options granted during the financial year was determined using the Black Scholes option pricing model that takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share and the risk free interest rate for the term of the option.

Set out below are summaries of options granted during the current and previous financial year:

	2014 Average exercise price per option	2014 Number of options	2013 Average exercise price per option	2013 Number of options
As at 1 July	**-**	**-**	**-**	**-**
Granted during the year under the ESOP	$0.30	63,000,000	-	-
Granted during the year to consultants [1]	$0.30	12,000,000	$0.20	25,000,000
Exercised during the year	-	-	-	-
Forfeited during the year	-	-	-	-
As at 30 June	**$0.30**	**75,000,000**	**$0.20**	**25,000,000**
Vested and exercisable	$0.30	75,000,000	$0.20	25,000,000

[1] The group has rebutted the presumption that the fair value of the services is determinable and therefore have used the market value of the options as the fair value of the services received.

The assessed fair value at grant date of options granted during the year ended 30 June 2014 was $0.098 and $0.087 per option (2013: nil). The fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The model inputs for options granted during the year ended 30 June 2014 included:

(a) options are granted for no consideration and vest immediately;
(b) exercise price: $0.30 (2013: $0.20)
(c) grant date: 28 November 2013 and 11 December 2013 (2013: 26 April 2013)
(d) expiry date: 31 December 2016 (2013: 31 December 2013)
(e) share price at grant date: $0.19 (2013: $0.18)
(f) expected price volatility of the company's shares: 100% (2013: 100%)
(g) expected dividend yield: nil (2013: nil)
(h) risk free interest rate: 2.66% (2013: 2.66%)

Share based payments made under the ESOP and to consultants during the 2014 and 2013 financial years have the following expiry date and exercise prices:

Grant date	Expiry Date	Exercise Price	Share options 30 June 2014	Share options 30 June 2013
26 April 2013	31 December 2016	$0.20	25,000,000	25,000,000
28 November 2013	31 December 2016	$0.30	63,000,000	-
11 December 2013	31 December 2016	$0.30	12,000,000	-
			100,000,000	**25,000,000**
Weighted average remaining contractual life of options outstanding at end of period			**2.50 years**	**3.50 years**

Expenses arising from share based payment transactions	**Consolidated 2014 $**	**Consolidated 2013 $**
Options issued under the employee share option plan	6,004,473	-
Options issued to consultants for services provided	1,041,158	2,977,245
	7,045,631	**2,977,245**

Asset acquisitions	**Consolidated 2014 $**	**Consolidated 2013 $**
Consideration for Ariona Company SA (1,250,000,000 shares)	-	25,000,000
Consideration for Firestone Energy Limited (71,792,189 shares)	11,026,874	-
Consideration for Global Resource Investment Trust Plc (20,000,000 shares)	4,324,481	-
	15,351,355	**25,000,000**

24. Financial Risk Management

(a) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2 to the financial statements.

(b) Overview

The Group has exposure to the following risks from their use of financial instruments:

- credit risk;
- liquidity risk;
- interest rate risk and
- price risk
- foreign exchange risk

This note presents information about the Group's exposure to the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital. Further quantitative disclosures are also provided in this note.

The Board has overall responsibility for the establishment and oversight of the risk management framework including the development and monitoring of risk management policies.

Established risk management policies seek to identify and analyse the risks faced by the Group, set appropriate risk limits and controls, and to monitor risks and adherence to limits. Adopted risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

(c) Credit risk

Credit risk refers to the risk of default by counterparties on their contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. Management assesses the credit quality of the customer and/or counterparties by taking into account its financial positions, past experience, and other factors.

In the prior year, the Group had significant credit risk exposure to a single counterparty or a group of counterparties having similar characteristics via the convertible notes. In the current year, these notes have been eliminated as part of the Firestone acquisition. This risk is managed as the counterparties have been assessed as being of sound credit worthiness and the Group holds a first ranking security against the underlying assets of the Borrower. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

(d) Liquidity risk management

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities.

The Group manages liquidity risk by maintaining sufficient cash facilities to meet the operating requirements of the business and investing excess funds in highly liquid short term investments. The responsibility for liquidity risk management rests with the Board of Directors. Refer to note 2a for further details on liquidity risk management.

Alternatives for sourcing our future capital needs include our cash position and the issue of equity instruments. These alternatives are evaluated to determine the optimal mix of capital resources for our capital needs. We expect that, absent a material adverse change in a combination of our sources of liquidity, present levels of liquidity along with future capital raising will be adequate to meet our expected capital needs.

Maturities of financial liabilities

The tables below analyse the group's financial liabilities into relevant maturity groupings based on their contractual maturities for:

(a) all non-derivative financial liabilities, and
(b) net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows

The table below reflects all contractually fixed pay-offs and receivables for settlement, repayments and interest resulting from recognised financial assets and liabilities. Cash flows for financial assets and liabilities without fixed amount or timing are based on the conditions existing at 30 June 2014 and 2013.

Contractual maturities of financial liabilities	**Consolidated 2014 $**	**Consolidated 2013 $**
6 months or less [1]	64,314,673	1,307,646
6-12 months or less	-	-
1-5 years	22,145,000	39,264,393
Over 5 years	-	-
Total contractual cash flows	**86,459,673**	**40,572,039**
Carrying amount financial liabilities	**111,696,641**	**46,302,284**
Trade and other payables	13,363,545	1,307,646
Convertible notes	88,285,568	40,730,245
Borrowings	10,047,528	4,264,393
Carrying amount financial liabilities	**111,696,641**	**46,302,284**

[1] Trade and other payables and convertible note facilities at fair value (refer to notes 16 and 17) are due in the next six months.

(e) Interest rate risk
This risk arises on financial assets and liabilities, recognised at year end, where interest rate fluctuations impact on cash flows or the fair value of fixed rate financial instruments. The Group's policy is to manage its interest cost and its ability to service the cost, using a combination of sensitivity analysis against the underlying cash flows of the revenue generating assets purchased, matching loan terms against the life of the cash generating assets, the available mix of funding options allowing for floating rate facilities to average interest rates and the availability of entering into interest rate swaps and similar products if required.

The Group has not entered into any interest rate swaps.

Interest rate risk profile
The Group's exposure to market risk for changes to interest rate risk relates primarily to its interest bearing borrowings, earnings on cash and other financial assets.

	Weighted Average Interest Rate %	Consolidated 2014 $	Consolidated 2013 $
Cash and cash equivalents [1]	4.37%	8,704,374	8,439,558
Other financial assets	-	-	5,000,000
Borrowings	8.80%	(10,047,528)	(1,500,000)
Convertible note facilities	14.32%	(88,285,508)	(40,730,245)

[1] Included as part of cash and cash equivalents is a put/call option of $6.5m (security deposit) that will be released to the Group on conversion or repayment of the SBSA convertible note facility after 18 months from the date of the draw down. The Group is entitled to the accrued interest revenue on completion of the 18 months or on conversion.

(f) Price risk

The Group is also exposed to securities price risk, which is the risk that a change in equity price will affect the Group's financial performance, on investments held in Firestone Energy Limited.

	Consolidated 2014 $	Consolidated 2013 $
Available for sale financial assets	2,430,319	2,880,000

Sensitivity Analysis
The following tables illustrate the Group's sensitivities to interest rate and price risk changes. The table indicates the impact on how profit and equity values reported at balance date would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

Interest rate risk	Consolidated	
Year ended 30 June 2013	Profit $	Equity $
+/-1% in interest rates	659,589/(672,047)	659,589/(672,047)
Year ended 30 June 2014		
+/-1% in interest rates	108,173/(108,173)	108,173/(108,173)

Price risk	**Consolidated**	
	Profit	**Equity**
Year ended 30 June 2013	**$**	**$**
+/-1% in listed investments	28,800/(28,800)	28,800/(28,800)
Year ended 30 June 2014		
+/-1% in listed investments	24,303/(24,303)	-/(-)

25. Fair Value

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying amounts in the consolidated statement of financial position.

Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair values derived may be based on information that is estimated or subject to judgment, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgment and the assumptions have been detailed below. Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded.

The fair values of the Group's financial assets and liabilities have been determined based on the following methodologies:

(i) Cash and cash equivalents, trade and other receivables and trade and other payables and other borrowings are short-term instruments in nature whose carrying value is equivalent to fair value. Trade and other payables exclude amounts provided for annual leave, which is not considered a financial instrument.
(ii) Discounted cash flow models are used to determine the fair values of convertible notes at amortised cost. Discount rates used on the calculations are based on market interest rates existing at the end of the reporting period for similar types of notes. The discount rate used at 30 June 2014 is 12% and the instrument is classified as level 3 under the fair value hierarchy.

The aggregate fair values and carrying amounts of financial assets and financial liabilities not carried at fair value are disclosed in the consolidated statement of financial position and in the notes to the financial statements as follows:

	Carrying amount		**Fair value**	
	2014	2013	**2014**	2013
Consolidated 2014				
Financial Assets				
Cash and cash equivalents	8,704,374	8,439,558	8,704,374	8,439,558
Trade and other receivables	1,380	166,667	1,380	166,667
Loan receivable	1,992,915	500,000	1,992,915	500,000
Available for sale financial assets	2,430,319	-	2,430,319	-
Other financial assets	-	7,880,000	-	7,880,000
Financial Liabilities				
Trade and other payables	13,363,545	1,307,646	13,363,545	1,307,646
Convertible notes at amortised cost	19,146,476	-	20,378,964	-
Other borrowings	10,047,528	4,264,393	10,047,528	4,264,393

* Private company – no quoted price available

Financial Instruments Measured at Fair Value
The financial instruments recognised at fair value in the consolidated statement of financial position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements.

The fair value hierarchy consists of the following levels:

- quoted prices in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

Consolidated	**Level 1 $000**	**Level 2 $000**	**Level 3 $000**	**Total $000**
2014				
Financial assets/liabilities				
Financial assets and liabilities at fair value through profit and loss:				
Convertible note facility	-	-	(69,139,092)	**(69,139,092)**
Other financial asset (listed investment)	2,430,319	-	-	**2,430,319**
	2,430,319	**-**	**(69,139,092)**	**(66,708,773)**

Consolidated	**Level 1 $000**	**Level 2 $000**	**Level 3 $000**	**Total $000**
2013				
Financial assets/liabilities				
Financial assets and liabilities at fair value through profit and loss:				
Convertible note facility	-	-	(40,730,245)	**(40,730,245)**
Other financial asset (Convertible note)	-	-	5,000,000	**5,000,000**
Available for sale financial assets	2,880,000	-	-	**2,880,000**
	2,880,000	**-**	**(35,730,245)**	**(32,850,245)**

Included within Level 1 of the hierarchy are listed investments. The fair values of these financial assets have been based on the closing quoted bid prices at the end of the reporting period, excluding transaction costs. In determining the fair values of unlisted investments included in Level 2 of the hierarchy, valuation techniques such as those using comparisons to similar investments for which market observable prices are available have been adopted.

Derivative instruments are included in Level 2 of the hierarchy with the fair values being determined using valuation techniques incorporating observable market data relevant to the hedged position.

Valuation techniques used to derive level 3 fair values:
The fair value of convertible notes not traded in an active market is determined using an internally prepared discounted cash flow valuation technique using observable inputs (such as share price and the terms and conditions of the convertible notes as disclosed per note 17) and release of the initial calibration adjustment to the profit or loss.

No transfers between the levels of the fair value hierarchy occurred during the current or previous reporting periods.

The following table presents the changes in level 3 instruments for the year ended 30 June 2014:

Financial liabilities:

Consolidated	**Convertible notes adjusted at fair value 2014 $**
Opening balance 1 July 2013	40,730,245
Issues/additions (net)	5,903,600
Fair value losses recognised in finance expense (refer note 6(b))	22,505,247
Closing balance 30 June 2014	**69,139,092**

26. Auditor's remuneration

	Consolidated 2014 $	**Consolidated 2013 $**
Amounts paid or payable to BDO Audit (WA) Pty Ltd:		
Audit or review of the financial reports of the Group [1]	122,834	-
Other services by BDO Corporate Tax (WA) Pty Ltd and BDO Corporate Finance (WA) Pty Ltd [1]	24,831	-
Audit and other services provided by BDO South Africa [1]	26,909	-
Amounts paid or payable to HLB Mann Judd		
Audit or review of the financial reports of the Group	-	57,632
Other assurance services in relation to the Group	-	28,785
	174,574	**86,417**

[1] Includes Firestone Energy Limited and it's wholly owned subsidiaries.

27. Commitments and contingencies

(a) Operating lease commitments

Future minimum rentals payable under non-cancellable operating leases are as follows:

	Consolidated 2014 $	**Consolidated 2013 $**
Outstanding operating lease commitments are payable as follows:		
Within one year	180,000	180,000
Later than one year but not more than five years	90,000	15,000
	270,000	**195,000**

On 1 August 2012 the Group entered into a service agreement with Garrison Capital Pty Ltd for certain administrative services and office space for a term of 2 years commencing in August 2012. The Group was required to give 3 months' written notice to terminate the agreement which concluded in May 2014.

On 1 October 2013, the Group entered into a service agreement with Millcorp Securities, a company of which Stephen Miller is a related party, for the provision of fully serviced office accommodation. The agreement term is to 31 December 2015. 3 months written notice to terminate the agreement is required by either party.

(b) Other commitments

- A production royalty, equivalent to ZAR0.50 (A$0.05) per tonne of coal sold, is payable to Sekoko Coal (Pty) Ltd during the term of the mining operations to a maximum aggregated amount of ZAR45 million (A$4.52 million).
- The Group's wholly-owned subsidiary Utafutaji Trading 75 (Pty) Ltd was due to make further payments to purchase the mining tenement properties Swanepoelpan and Massenberg as follows:

Swanepoelpan
- 2,000,000 rand (A$200,721) by 20 June 2014
- 3,000,000 rand (A$301,081) by 20 July 2014
- 17,679,479 rand (A$1,774,318) by 30 November 2014

Massenberg
- 8,500,000 rand (A$853,062) by 22 June 2014
- 9,000,000 rand (A$903,243) by 22 July 2014
- 17,500,000 rand (A$1,756,305) by 30 November 2014

The above payments are currently being re-negotiated and will be made when project financing is completed. In the interim, a monthly access fee of ZAR100,000 is being paid per property.

28. Contingent liabilities

There are no known contingent liabilities.

29. Parent entity information

The following information relates to the parent entity, The Waterberg Coal Company Limited, at 30 June 2014. The information presented has been prepared using consistent accounting policies as presented in note 2.

	Parent 2014 $	Parent 2013 $
Current assets	2,475,320	19,111,605
Non-current assets	77,703,538	62,010,424
Total assets	**80,178,858**	**81,122,029**
Current liabilities	80,078,261	63,569,248
Non-current liabilities	-	-
Total liabilities	**80,078,261**	**63,569,248**
Contributed equity	54,099,744	32,139,838
Share based payment reserve	11,286,876	4,241,245
Accumulates losses	(65,286,023)	(18,828,302)
Total equity	**(100,597)**	**17,552,781**
Profit / (loss) for the year	(46,457,721)	(15,553,571)
Other comprehensive income	-	22,442,511
Total comprehensive profit / (loss) for the year	(46,457,721)	6,888,940

30. Interests in other entities

(a) Investments in controlled entities

The consolidated financial statements incorporate the assets, liabilities and results of The Waterberg Coal Company Limited and the following controlled entities:

Name of entity	Country of incorporation	Ownership interest held by the group		Ownership interest held by non-controlling interests	
		2014	2013	2014	2013
Main Street 1116 Pty Ltd	South Africa	100%	100%	-	-
Ariona Company SA	Seychelles	100%	100%	-	-
Firestone Energy Limited	Australia	45.88%	13.50%	54.12%	N/A
Checkered Flag Investments 2 (Pty) Ltd [1]	South Africa	45.88%	13.50%	54.12%	N/A
Lexshell 126 General Trading (Pty) Ltd [1]	South Africa	45.88%	13.50%	54.12%	N/A
Utafutaji Trading 75 (Pty) Ltd [1]	South Africa	45.88%	13.50%	54.12%	N/A

[1] These companies are all wholly owned subsidiaries of Firestone Energy Limited.

Refer to note 32 for details on the acquisition of Ariona Company SA.

(b) Non-controlling interests

The following table sets out the summarised financial information for each subsidiary that has non-controlling interests that are material to the group. Amounts disclosed are before intercompany eliminations.

Summarised balance sheet	Firestone Energy Limited 2014 $
Current assets	610,536
Non-current assets	77,007,095
Total assets	**77,617,631**
Current liabilities	15,217,004
Non-current liabilities	24,146,476
Total liabilities	**39,363,480**
Net assets	**38,254,151**
Accumulated NCI	7,523,112

Summarised statement of comprehensive income	Firestone Energy Limited 2014 $
Revenue	981
Profit / (loss) for the period	**(4,802,197)**
Other comprehensive income	(6,475,226)
Total comprehensive income	**(11,277,423)**
Profit / (loss) allocated to NCI	(1,933,773)
Comprehensive income allocated to NCI	(4,003,689)

Summarised cash flows	Firestone Energy Limited 2014 $
Cash flows from operating activities	(935,737)
Cash flows from investing activities	(525,175)
Cash flows from financing activities	1,091,550
Net increase / (decrease) in cash and cash equivalents	**(369,362)**

31. Discontinued operations

On the 21 April 2011, the entity was placed into voluntary administration by the Directors with PPB Advisory being appointed Administrators. Efforts to recapitalise the Company prior and subsequent to voluntary administration were unsuccessful and the administrator subsequently suspended the operations and all were placed into care and maintenance mode.

On 8 December 2011, creditors approved a resolution for the Company to enter into a Deed of Company Arrangement (DOCA). The DOCA was executed by the Administrators on 23 December 2011 and sought to restore the Company to a solvent state by reorganising the Company's share capital and effecting an equity raising to enable the Company to be reinstated on the ASX. On 24 July 2012, the recapitalisation of the Company and the effectuation of the DOCA were completed and control of the Company passed to the Directors effective 24 July 2012, the Company was no longer subject to any other form of external administration, receivership or liquidation.

The consolidated entity/Company was considered a discontinued operation from 11 April 2011 until the DOCA was effectuated on 24 July 2012. The financial performance to the date of 24 July 2012, which is included in the discontinued operation per the statement of comprehensive income, is as follows:

(a) Total profit / (loss) after tax attributable to discontinued operation	**Consolidated 2014 $**	**Consolidated 2013 $**
Revenue (interest income)	-	-
Expenses	-	-
Profit / (loss) before income tax	-	-
Income tax expense	-	-
Profit attributable to parent entity	-	-
Profit on sale before income tax	-	22,442,511
Income tax expense	-	-
Profit on sale after income tax	-	-
Total profit / (loss) after tax attributable to discontinued operation	**-**	**22,442,511**

On 24 July 2012, the recapitalization of the Company and the effectuation of the DOCA were completed and control of the Company passed to the Directors. The Company's secured creditors released and discharged any security granted to them by the Company and all conditions precedent under the DOCA were satisfied or waived; resulting in a profit on settlement of DOCA debts of $22,442,511 as follows:

	Consolidated 2014 $	**Consolidated 2013 $**
Liabilities as at 24 July 2012	-	22,715,088
Assets as at 24 July 2012	-	272,577
Net liabilities disposed	**-**	**22,442,511**

(b) Profit / (loss) on disposal	**Consolidated 2014 $**	**Consolidated 2013 $**
Consideration	-	-
Value of assets / liabilities disposed	-	-
	-	-
Profit / (loss) on disposed	-	-

(c) The net cash flows of the discontinued operation, which have been incorporated into the statement of cash flows, are as follows;	**2014 $**	**2013 $**
Net cash inflow / (outflow) from operating activities	-	-
Net cash inflow from investing activities	-	-
Net cash inflow / (outflow) from financing activities	-	-
Net cash increase / (decrease) in cash generated by the discontinued	-	-
Net cash increase / (decrease) in cash generated by the Discontinued operation	**-**	**-**

32. Acquisition of Subsidiary – Ariona Company SA

During the previous financial year, the Group acquired 100% of the voting shares of Ariona Company SA (a company incorporated in the Seychelles) on 28 March 2013.

The total cost of the acquisition was $25,000,000 and comprised an issue of equity instruments. The Group issued securities as described in note 20(a) with an issue price of $0.02.

The acquisition does not constitute a reverse acquisition as noted in note 4 and the cost of the acquisition has been allocated to exploration and evaluation assets as disclosed in note 11.

The fair value of the identifiable assets and liabilities of Ariona Company SA as at the date of acquisition are:

	Recognised on acquisition $
Trade and other receivables	63,440
Tenement interests	25,273,383
Loans receivable	8,373,195
Trade and other payables	(392,279)
Borrowings	(8,317,739)
Fair value of identifiable net assets	**25,000,000**
Cost of the acquisition:	
Securities issued, at fair value	25,000,000
Total cost of the acquisition	**25,000,000**

Had the results of Ariona Company SA been consolidated from 1 July 2012 revenue for the Group would have been $494,196 and the consolidated result would have been $4,839,134.

All acquisition related costs of $226,000 have been expensed and included in as part of consultants and legal expenses in the financial year ended 30 June 2013.

33. Acquisition of Subsidiary – Firestone Energy Limited

On 23 September 2013, the off-market takeover bid for all the ordinary shares in Firestone Energy Limited, a company listed on the ASX, closed. At the conclusion of the offer, WCC's shareholding in Firestone is 45.88%. The acquisition was essentially to acquire Firestone Energy Limited's share of the coal project in the Waterberg locality in South Africa, with no infrastructure or personnel, and therefore, the acquisition has been treated as an asset acquisition as Firestone does not meet the definition of a business in accordance with the Accounting Standards.

The consideration payable 1.25 Waterberg shares for every two shares held in Firestone Energy Limited.

Details of the fair value of the assets and liabilities acquired as at 23 September 2013 are as follows:

Purchase consideration comprises:	**$**
Existing shares held	2,880,000
Ordinary shares acquired via takeover (1,148,632,708 shares)	11,026,874
Total consideration	**13,906,874**

Net assets acquired:	**$**
Cash and cash equivalents	75,789
Trade and other receivables	1,564,255
Property, plant and equipment	4,345,235
Interest in joint operation	56,152,478
Trade and other payables	(3,624,251)
Borrowings	(33,388,530)
Non-controlling Interest at fair value	(11,218,102)
Total	**13,906,874**

34. Events after the balance sheet date

Loan Facility

Subsequent to the year end, the Company entered into a new loan facility agreement with Firestone Energy Limited whereupon it extended a further loan of $3 million to enable Firestone Energy Limited to meet its commitments on the Waterberg Coal Project.

There were no other known significant events from the end of the financial year to the date of this report.

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of The Waterberg Coal Company Limited, I state that:

1. In the opinion of the directors:

   (a) the financial statements, notes and the additional disclosures included in the directors' report designated as audited, are in accordance with the *Corporations Act 2001*, including:

      (i) complying with Australian Accounting Standards and Corporations Regulations 2001; and

      (ii) giving a true and fair view of the Group's financial position as at 30 June 2014 and of its performance for the year ended on that date;

   (b) In the directors' opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable, based on the factors outlined in note 2 (a).

   (c) The financial statements comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

2. This declaration has been made after receiving declarations as required to be made to the directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2014.

On behalf of the Board

Stephen Miller
Executive Director
30 September 2014

INDEPENDENT AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT

To the members of The Waterberg Coal Company Ltd

Report on the Financial Report

We have audited the accompanying financial report of The Waterberg Coal Company Ltd, which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 2(b), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of The Waterberg Coal Company Ltd, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

(a) the financial report of The Waterberg Coal Company Ltd is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2(b).

Emphasis of matter

Without modifying our opinion, we draw attention to Note 2(a) in the financial report, which indicates that the ability of the consolidated entity to continue as a going concern is dependent upon the future successful refinancing of borrowing facilities of $64,314,673 that are due to mature within 6 months of the reporting date, of which $41,964,978 is due on 9 October 2014. This condition, along with other matters as set out in Note 2(a), indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability 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.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of The Waterberg Coal Company Ltd for the year ended 30 June 2014 complies with section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd

BDO

Wayne Basford
Director

Perth, 30 September 2014

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ASX Additional Information

Shareholder Information

Additional information as required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in this report is set out below. This information is current as at 14 October 2014.

Distribution of equity security holders

Ranges	Number of Holders	Number of Shares	% of Issued Capital
1 - 1,000	5,106	1,028,040	0.03
1,001 – 5,000	829	1,878,511	0.05
5,001 - 10,000	220	1,638,991	0.05
10,001 – 100,000	396	16,206,856	5.17
100,001 - and over	139	292,512,815	93.38
Total	6,690	313,265,213	100

There are 4,732 holders of shares holding less than a marketable parcel.

Twenty largest holders of quoted shares

Number	Shareholder	Number of Shares Held	% of Issued Capital
1	Sekoko Resources Pty Ltd	35,790,318	11.00
2	Jarvest Finance	25,875,000	10.41
3	BNP Paribas Noms Pty Ltd	20,000,183	8.05
4	Baldragon Holdings Ltd	20,000,000	8.05
5	Clearview Asset Pty Ltd	16,762,500	6.75
6	Richmond Partners Master Ltd	15,000,000	6.04
7	Zelada Corporation	13,332,423	5.37
8	Investec Emerging Companies Fund	13,905,000	4.00
9	Mitchell Grass Holdings Singapore	10,000,000	4.02
10	AMB Proprietary (Providence) Pty Ltd	10,000,000	4.02
11	Vernon Finance Limited	8,625,000	3.47
12	Celtic Capital Pty Ltd	7,716,050	3.11
13	The Cricket Settlement Trust	5,617,978	2.00
14	Nefco Nominees Pty Ltd	5,050,000	2.03
15	Bell Potter Nominees Ltd	4,785,973	1.93
16	Evening Star Enterprises Pty Ltd	4.599,920	1.85
17	Carrick Holdings Ltd	3,750,000	1.51
18	Mr Jason Peterson & Mrs Lisa Peterson	3,180,000	1.28
19	JP Morgan Nominees Australia	2,525,804	0.02
20	Elinor Weavind <the Somerset A/c>	2,500,000	0.01
	TOTAL	229,016,149	73.11

Quoted and unquoted equity securities

Equity Security	Quoted	Unquoted
Ordinary Shares	313,265,213	-
Options	11,992,823	123,187,500

Twenty largest holders of Listed Options $0.20 expiry 31/12/14

Number	Option holder	Number of Options Held	% of Issued Capital
1	David Stevens <the Cricket settlement trust>	6,741,573	56.21
2	Bronze Services Ltd	1,500,000	12.51
3	AMB Property (Providence) Pty Ltd	1,250,000	10.42
4	Celtic Capital Pty Ltd <the Celtic Capital A/C>	706,025	5.89
5	Brave Warrior Holdings Ltd	125,000	1.04
6	Mitchell Grass Holding Singapore Pte Ltd	125,000	1.04
7	Mr Phillip Soumilas & Mrs Geraldine Soumilas <retirement fund a/c>	100,000	0.83
8	Boatswains Point Pty Ltd	100,000	0.83
9	RJ Wade Pty Ltd	80,000	0.67
10	ZVI Raphael Pty Ltd <ZVI Raphael A/c>	75,000	0.63
11	TB23 Pty Ltd	75,000	0.63
12	Mrs Jennifer Maree Reilly	62,500	0.52
13	Mr Joel Rohan Cann	62,500	0.52
14	Brett Matthew Ward	62,500	0.52
15	Pentin Pty Ltd	55,000	0.46
16	JWSP Pty Lt <James W S Peters family a/c>	50,000	0.42
17	Gail Lavoipierre	50,000	0.42
18	Windsor Equities Pty Ltd	50,000	0.42
19	Mrs Maryann Fogarty	50,000	0.42
20	Mrs Andrew Murray & Jonathan Murray <JAM Super fund a/c>	50,000	0.42
	TOTAL	11,370,098	94.81

Option holdings at 30 June 2014	Number of Holders	Number of Options
WCCO Listed Options	46	11,992,823
OP1 Unquoted options $0.20 expiry 31/12/2014	59	23.187,500
OP2 Unquoted options $0.30 expiry 31/12/2016	11	75,000,000
OP3 Unquoted options $0.20 expiry 31/12/2016	3	25,000,000

OP2 Holders of more than 20% of Unquoted options expiring 31/12/16 @$0.30

Option Holder	Number of options	% of Issued capital
Dr Nakedi Mathews Phosa <the NMP A/c>	20,000,000	26.67
Vega Funds Pty Ltd <the Viva Account>	20,000,000	26.67

OP3 Holders of more than 20% of Unquoted options expiring 31/12/16 @$0.20

Option Holder	Number of options	% of Issued capital
Hudson Bay Investments Pty Ltd <Hudson Bay Investments A/c>	18,500,000	74
Jonathan Hart <J Hart Family A/c>	5,000,000	20

Substantial shareholders

Substantial shareholders who have notified the Company in accordance with section 671B of the Corporations Act 2001 are:

Shareholder	Number of shares	
Sekoko Resources Pty Ltd	35,790,318	11.00
Jarvest Finance	25,875,000	10.41

BNP Paribas Noms Pty Ltd	**20,000,183**	**8.05**
Baldragon Holdings Ltd	**20,000,000**	**8.05**
Clearview Asset Pty Ltd	**16,762,500**	**6.75**
Richmond Partners Master Ltd	**15,000,000**	**6.04**
Zelada Corporation	**13,332,423**	**5.37**

Voting rights

Ordinary shares carry one vote per share. There are no voting rights attached to the options in the Company.

Stock Exchange

The Company is dual listed on the Australian Securities Exchange and the Johannesburg Securities Exchange and has been allocated the code "WCC". The "Home Exchange" is Perth.

Other information

The Waterberg Coal Company Limited is incorporated and domiciled in Australia, and is a publicly listed company limited by shares.

On-market buy-back
There is no current on-market buy-back.

Exploration licences
The Group has an interest at the date of this report in the following Exploration and Mining Licences.

Licences are located in South Australia:

Property Name	**Tenement**	**Interest**
Lyons	EL 5221	100%
Glenloth	EL 5397 (previously 4197)	100%
Claypan Dam	EL 4445	100%

The Group's interest in the Waterberg Coal Project, located in South Africa:

Properties	Right under which the properties are held	Relevant Joint Venture	Holder	Interest	Issue Date	Expiry Date
Vetleegte	Vetleegte Prospecting Right	First Joint Venture	Uzalile Joint Venture (Sekoko Resources (Pty) Ltd and Uzalile Property Services (Pty) Ltd)	37.39%	Granted New Order Prospecting Right No. 651/2006, on 19/10/06	Renewal lodged 19 September 2011 and prior to the expiry date. Section 18(5) of the MPRDA provides that prospecting right in respect of which an application for renewal has been lodged will remain in force until such time as the renewal application has been granted or refused.
Olieboomsfontein	Duikerfontein Prospecting Right	First Joint Venture	Sekoko Coal (Pty) Ltd	37.39%	Granted New Order Prospecting Right No. 681/2007, on 13/10/05 Renewal on 3 July 2013	2 July 2016
Duikerfontein	Duikerfontein Prospecting Right	First Joint Venture	Sekoko Coal (Pty) Ltd	37.39%	Granted New Order Prospecting Right No. 681/2007, on 13/10/05 Renewal on 3 July	2 July 2016

					2013	
Swanepoelpan	Duikerfontein Prospecting Right	First Joint Venture	Sekoko Coal (Pty) Ltd	37.39%	Granted New Order Prospecting Right No. 681/2007, on 13/10/05	2 July 2016
Smitspan	Mining Right	Second Joint Venture	Sekoko Coal (Pty) Ltd	37.39%	Granted New Order Mining Right No. 22/2011, on 17/09/11	16 August 2041
Massenberg	Mining Right	Second Joint Venture	Sekoko Coal (Pty) Ltd	37.39%	Granted New Order Mining Right No. 22/2011, on 17/09/11	16 August 2041
Minnasvlakte	Mining Right	Second Joint Venture	Sekoko Coal (Pty) Ltd	37.39%	Granted New Order Mining Right No. 22/2011, on 17/09/11	16 August 2041
Hooikraal	Mining Right	Second Joint Venture	Sekoko Coal (Pty) Ltd	37.39%	Granted New Order Mining Right No. 22/2011, on 17/09/11	16 August 2041