

Co House.

Global Coal Limited

REPORT AND FINANCIAL STATEMENTS

31 December 2013



Company Registration No. 04007764

Global Coal Limited

COMPANY INFORMATION

DIRECTORS

V J Binns
E Cunningham
P T Demzik
D Finch
D Giuliani
T Goldsworthy
D S Grunbaum
T Kanamura
M Montenero
T C Peterson
R Poyntz
M Rozendaal
S R Singh
M Toki
P G Townsend
C R Wiggill

SECRETARY

Whale Rock Accounting Limited

REGISTERED OFFICE

7th Floor
Dashwood House
69 Old Broad Street
London
EC2M 1QS

AUDITOR

Baker Tilly UK Audit LLP
Chartered Accountants
25 Farringdon Street
London, EC4A 4AB

Global Coal Limited

DIRECTORS' REPORT

The directors submit their report and the financial statements of Global Coal Limited (the Company) for the year ended 31 December 2013.

PRINCIPAL ACTIVITIES

The principal activities of the Company are the development of standardised physical contracts for the international coal market and the provision and management of screen based brokerage services for the bi-lateral trading of physical and financial contracts for the coal industry.

RESULTS AND DIVIDENDS

The Company's trading profit for the year after taxation was \$2,739,808 (2012: \$4,610,099).

During the year an interim dividend payment was paid of \$0.32656 (2012: \$1.2409) per share totalling \$1,300,034 (2012: \$2,077,281) and a final dividend of \$0.495 (2012: \$0.722) per share totalling \$2,000,976 (2012: \$2,874,225) was payable at the year end.

DIRECTORS

The following directors have held office during the year:

V J Binns	(appointed 11 November 2013)
E Cunningham	
P T Demzik	(appointed 14 October 2013)
D Finch	
D Giuliani	
T Goldsworthy	
D S Grunbaum	
D J John	(resigned 28 October 2013)
M Kage	(resigned 6 August 2013)
T Kanamura	
M Montenero	(appointed 21 August 2013)
T C Peterson	
R Poyntz	
M Rozendaal	
S R Singh	(appointed 28 October 2013)
M Toki	(appointed 6 August 2013)
P G Townsend	
C R Wiggill	(appointed 21 February 2014)

BRANCHES OUTSIDE THE UK

The Company has a branch office in Singapore for the purpose of marketing in the Asia / Pacific region. The branch is treated as a cost centre and as such all related expenditure is fully incorporated into these financial statements.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

The directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditors are unaware. Each of the directors has confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Global Coal Limited

DIRECTORS' REPORT

AUDITOR

Baker Tilly UK Audit LLP have expressed their willingness to continue in office as auditor and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting.

By order of the board on 26th March 2014.



E Cunningham
Director

Global Coal Limited

STRATEGIC REPORT

The directors present their strategic report of the Company for the year ended 31 December 2013.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The Company benefited from an increase in returns during the year due to higher trade volumes resulting from the general and ongoing recovery in global markets. The Company focused on similar areas of investment as in previous years, primarily targeting increased trading volumes and higher membership. Membership of the Company's screen trading platform grew from 134 to 150 during the year.

The Company's business is focused on delivering services exclusively to institutional players in the physical and financial coal trading market.

The Company entered into a settlement agreement that allowed a customer to terminate an existing management services agreement with the Company. No further income will therefore be receivable under this agreement in 2014.

The Company completed the year in a strong financial position, with no debt and a healthy capitalisation.

Research and Development

The Company is investing in the development of its Standard Coal Trading Agreement (SCoTA), refining the contract and adding delivery locations. The Company is also developing coal futures contracts and related credit enhancing products as part of a co-operation and licensing agreement with ICE Futures Europe and intends to build on its successful business model during 2014.

Key Performance Indicators (KPIs)

~~Given the straightforward nature of the Company's activities the directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.~~

Principal Risks & Uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks.

The principal uncertainties facing the company are reviewed regularly by the Board and actions put in place to mitigate identified risks. The Company has exposure to the following key risks:

- Downturn in levels of demand from clients.
- Competitive pressure on commission rates.
- Movements in Exchange Rates.
- Business disruption due to regulatory or other changes.
- Protection of intellectual property.

The Board have implemented appropriate internal processes in order to mitigate these key risks to business performance.

Future Outlook

The company performed well in 2013 and although the competitive environment remains challenging, the directors believe that the company will continue to be a going concern.

By order of the board on 26th March 2014


E. Cunningham
Director

Global Coal Limited

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Strategic Report and the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and accounting estimates that are reasonable and prudent;
- c. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Global Coal Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GLOBAL COAL LIMITED

We have audited the financial statements on pages 6 to 18. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As more fully explained in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [http://www.frc.org.uk/Our-Work/Codes-Standards/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Scope-of-audit/UK-Private-Sector-Entity-\(issued-1-December-2010\).aspx](http://www.frc.org.uk/Our-Work/Codes-Standards/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Scope-of-audit/UK-Private-Sector-Entity-(issued-1-December-2010).aspx)

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

David Blacher UK Audit LLP

DAVID BLACHER (Senior Statutory Auditor)
For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor
Chartered Accountants
25 Farringdon Street
London
EC4A 4A

4/4/2014

Global Coal Limited
PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2013

	Notes	2013 \$	2012 \$
TURNOVER	1	12,807,809	11,860,056
Cost of sales		(709,465)	(809,272)
Gross profit		<u>12,098,344</u>	<u>11,050,784</u>
Other operating income	2	-	2,139,940
Administrative expenses		(8,435,643)	(8,622,062)
OPERATING PROFIT		<u>3,662,700</u>	<u>4,568,662</u>
Profit on disposal of fixed assets	3	-	1,606,521
Interest receivable		14,054	22,786
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	<u>3,676,754</u>	<u>6,197,969</u>
Taxation	6	(936,946)	(1,587,870)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	16	<u><u>2,739,808</u></u>	<u><u>4,610,099</u></u>

Turnover and Operating Profit for the year arise from continuing operations.

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the Profit and Loss Account.

Global Coal Limited

BALANCE SHEET

31 December 2013

	Notes	2013 \$	2012 \$
FIXED ASSETS			
Intangible assets	8	-	-
Tangible assets	9	204,745	474,430
Investments	10	1	1
		<u>204,746</u>	<u>474,431</u>
CURRENT ASSETS			
Debtors	11	1,916,231	2,758,505
Cash at bank and in hand		11,467,352	11,861,161
		<u>13,383,583</u>	<u>14,619,666</u>
CREDITORS: Amounts falling due within one year	12	(5,875,108)	(6,934,616)
NET CURRENT ASSETS		<u>7,508,475</u>	<u>7,685,050</u>
NET ASSETS		<u>7,713,221</u>	<u>8,159,481</u>
CAPITAL AND RESERVES			
Called-up share capital	13	55,221	54,272
Share premium account	14	5,374,258	5,260,265
Capital redemption account	15	34	34
Profit and loss account	16	2,313,023	2,874,225
Foreign exchange reserve	17	(29,315)	(29,315)
SHAREHOLDERS' FUNDS	18	<u>7,713,221</u>	<u>8,159,481</u>

The financial statements on pages 6 to 17 were approved and authorised for issue by the board of directors on 26th March 2014 and are signed on its behalf by:



E Cunningham
Director

Global Coal Limited

CASH FLOW STATEMENT

for the year ended 31 December 2013

	Notes	2013 \$	2012 \$
Cash inflow from operating activities	19a	5,070,352	3,137,337
Returns on investments and servicing of finance	19b	14,053	22,786
Taxation		(1,328,913)	(499,030)
Capital expenditure and financial investment	19b	(89,984)	2,579,216
Equity dividends paid		(4,174,259)	(2,077,281)
Financing	19b	114,942	-
(DECREASE)/INCREASE IN CASH IN THE YEAR		<u>(393,809)</u>	<u>3,163,028</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2013 \$	2012 \$
(Decrease)/increase in cash in the year	(393,809)	3,163,028
MOVEMENT IN NET FUNDS IN YEAR	<u>(393,809)</u>	<u>3,163,028</u>
NET FUNDS AT 1 JANUARY	11,861,161	8,698,133
NET FUNDS AT 31 DECEMBER	<u>11,467,352</u>	<u>11,861,161</u>

Global Coal Limited

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards.

CONSOLIDATED ACCOUNTS

The Company has only one subsidiary undertaking, Global Ore Limited, which has been dormant in the current and the preceding year and is immaterial to give a true and fair view of the group. As provided by s402 of the Companies Act 2006 the company took the exemption from preparing consolidated group financial statements.

GOING CONCERN

The directors have prepared forecasts for the business and on the basis of the expected results and given the resources that the company has available to it, the directors believe the company is well placed to manage its business risks successfully.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

INCOME RECOGNITION

Turnover represents amounts derived, net of Value Added Tax and trade permitted, from goods sold and services provided to customers.

Commissions receivable on trades are recognised immediately on execution.

Membership fee income is deferred and released in equal instalments over the period of membership.

GOODWILL AND INTANGIBLE FIXED ASSETS

On acquisition of a business, purchased goodwill is capitalised in the year in which it arises and amortised over its estimated useful life up to a maximum of 20 years. The directors regard 20 years as a reasonable maximum for the estimated useful life of goodwill since it is difficult to make projections exceeding this period.

Other externally purchased intangible assets are capitalised at cost. Amortisation is provided on cost over the period in which the benefit is expected to occur.

Provision is made for any impairment in value.

TANGIBLE FIXED ASSETS

Fixed assets are stated at historical cost. Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:

Leasehold improvements	5 years
Fixtures and fittings	3 years
IT hardware and software	3 years
Website	3 years

IMPAIRMENTS

Fixed assets are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable or as otherwise required by relevant accounting standards.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of net realisable value and value-in-use, are recognised as impairments. Impairments of revalued assets, except those caused by a clear consumption of economic benefit, are recognised in the statement of total recognised gains and losses until the carrying amount reaches depreciated historic cost. All other impairment losses are recognised in the profit and loss account.

Global Coal Limited

ACCOUNTING POLICIES

FIXED ASSET INVESTMENTS

Fixed asset investments are recorded at cost less any provision for impairment losses.

DEFERRED TAXATION

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the underlying timing differences can be deducted.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

FUNCTIONAL CURRENCY

The company's functional currency is United States Dollar.

FOREIGN CURRENCIES

Transactions denominated in foreign currencies are translated into the functional currency at the rates ruling at date of invoice. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated at the rates ruling at that date. Translation differences are dealt with in the profit and loss account.

LEASES

Operating lease rentals are charged to the profit and loss account in equal monthly amounts over the lease term.

RETIREMENT BENEFITS

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other post retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Global Coal Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2013

1 TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The company's turnover and profit before taxation were all derived from its principal activity wholly undertaken in the United Kingdom.

2 OTHER OPERATING INCOME

	2013	2012
	\$	\$

Other income	-	2,139,940
--------------	---	-----------

3 PROFIT ON DISPOSAL OF FIXED ASSETS

	2013	2012
	\$	\$

Profit on disposal of Intellectual Property Rights	-	1,606,521
----------------------------------------------------	---	-----------

4 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2013	2012
	\$	\$

Profit on ordinary activities before taxation is stated after charging/(crediting):

Depreciation - owned assets	230,669	312,753
-----------------------------	---------	---------

Impairment of tangible fixed assets	129,000	-
-------------------------------------	---------	---

Foreign exchange trading gains	(85,862)	(143,694)
--------------------------------	----------	-----------

Operating lease rentals:

Land and buildings	282,142	341,538
--------------------	---------	---------

Auditor's remuneration:

Audit services	24,252	20,206
----------------	--------	--------

Non audit services:

Tax compliance	9,701	6,995
----------------	-------	-------

5 EMPLOYEES

	2013	2012
	No.	No.

The average monthly number of persons (including directors) employed by the during the year was:

Information technology	3	3
------------------------	---	---

Sales and marketing	18	17
---------------------	----	----

Administration	4	4
----------------	---	---

	25	24
--	----	----

	2013	2012
	\$	\$

Staff costs for above persons:

Wages and salaries	4,841,809	4,828,501
--------------------	-----------	-----------

Social security costs	610,058	593,511
-----------------------	---------	---------

Pension contributions	146,434	151,314
-----------------------	---------	---------

	5,598,301	5,573,326
--	-----------	-----------

Global Coal Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2013

5 EMPLOYEES (continued)

	2013	2012
	\$	\$
DIRECTORS' REMUNERATION		
Emoluments	1,007,439	1,054,857
Pension contributions	33,870	31,085
Other benefits	4,473	4,350
	<u>1,045,782</u>	<u>1,090,292</u>

The amount paid to the highest paid director was \$1,045,782 (2012: \$1,090,292), including pension scheme contributions of \$33,870 (2012: \$31,085).

6 TAXATION

	2013	2012
	\$	\$
Current tax:		
UK corporation tax on profits of the year	1,011,831	1,678,870
Adjustment in respect of previous period	(48,308)	-
Total current tax	<u>963,523</u>	<u>1,678,870</u>
Deferred tax:		
Origination and reversal of timing differences	(42,819)	(91,000)
Adjustment in respect of previous period	549	-
Effect of tax rate change on opening balance	15,693	-
Total deferred tax	<u>(26,577)</u>	<u>(91,000)</u>
Tax on profit on ordinary activities	<u>936,946</u>	<u>1,587,870</u>

Factors affecting tax charge for the year:	2013	2012
	\$	\$

The tax assessed for the year is lower than the standard rate of corporation tax of 23.25% (2012: 24.5%). The differences are explained below:

Profit on ordinary activities before tax	3,676,754	6,197,969
Profit on ordinary activities multiplied by the standard rate of corporation tax of 23.25% (2012: 24.5%)	854,845	1,518,333
Effects of:		
Expenses not deductible for tax purposes	87,362	55,598
Capital allowances for period in excess of depreciation	5,514	21,324
Other timing differences	17,251	79,030
Adjustment to tax charge in respect of previous period	-	4,585
Exchange differences	(1,449)	-
Current tax charge for the year	<u>963,523</u>	<u>1,678,870</u>

Global Coal Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2013

7	DIVIDENDS	2013 \$	2012 \$
	Interim dividend paid	1,300,034	2,077,281
	Final dividend payable	2,000,976	2,874,225
		<u>3,301,010</u>	<u>4,951,506</u>

8	INTANGIBLE FIXED ASSETS	Database \$	Goodwill \$	Total \$
	Cost			
	1 January 2013 and 31 December 2013	339,422	285,692	625,114
	Amortisation			
	1 January 2013 and 31 December 2013	339,422	285,692	625,114
	Net book value			
	31 December 2012 and 31 December 2013	-	-	-

9	TANGIBLE FIXED ASSETS	Leasehold improvements \$	Fixtures & fittings \$	IT Hardware \$	Software \$	Website \$	Total \$
	Cost						
	1 January 2013	366,853	99,089	1,318,835	510,479	515,933	2,811,189
	Additions	-	2,950	60,733	26,301	-	89,984
	31 December 2013	<u>366,853</u>	<u>102,039</u>	<u>1,379,568</u>	<u>536,780</u>	<u>515,933</u>	<u>2,901,173</u>
	Depreciation						
	1 January 2013	223,964	93,743	1,177,412	423,767	417,873	2,336,759
	Charged in year	37,953	4,628	71,059	18,969	98,060	230,669
	Impairment loss	32,494	1,275	28,663	66,568	-	129,000
	31 December 2013	<u>294,411</u>	<u>99,646</u>	<u>1,277,134</u>	<u>509,304</u>	<u>515,933</u>	<u>2,696,428</u>
	Net book value						
	31 December 2013	<u>72,442</u>	<u>2,393</u>	<u>102,434</u>	<u>27,476</u>	<u>-</u>	<u>204,745</u>
	31 December 2012	<u>142,889</u>	<u>5,346</u>	<u>141,423</u>	<u>86,712</u>	<u>98,060</u>	<u>474,430</u>

Global Coal Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2013

10	FIXED ASSET INVESTMENTS	2013	2012
		\$	\$
	Investment in subsidiary company: At 31 December 2012 and 2013	1	1

Fixed assets investments represent 100% of the issued share capital of Global Ore Limited a dormant company incorporated in the United Kingdom. A proposal to strike off the Company has been submitted to Companies House.

11	DEBTORS	2013	2012
		\$	\$
	Due within one year:		
	Trade debtors	431,308	1,351,471
	Other debtors	344,695	59,094
	Prepayments and accrued income	993,333	1,227,622
	Deferred tax asset	146,895	120,318
		<u>1,916,231</u>	<u>2,758,505</u>

The deferred tax asset comprises \$67,987 (2012: \$46,118) relating to accelerated capital allowances and \$78,908 (2012: \$74,200) relating to short term timing differences.

12	CREDITORS: Amounts falling due within one year	2013	2012
		\$	\$
	Dividend payable	2,000,976	2,874,225
	Trade creditors	176,603	100,635
	Corporation tax	583,665	949,057
	Other taxation and social security	193,198	438,121
	Other creditors	64,078	151,950
	Accruals and deferred income	2,856,588	2,420,628
		<u>5,875,108</u>	<u>6,934,616</u>

13	SHARE CAPITAL	Ordinary shares 0.1 pence each	Special deferred share £1 each	Preference Shares 1 pence each	Total
		No.	No.	No.	No.
	Called up, allotted and fully paid:				
	1 January	514,689	1	3,466,184	3,980,874
	Shares issued	-	-	61,502	61,502
		<u>514,689</u>	<u>1</u>	<u>3,527,686</u>	<u>4,042,376</u>
	31 December				

Global Coal Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2013

13 SHARE CAPITAL (continued)

	Ordinary shares 0.1 pence each	Special deferred share £1 each	Preference Shares 1 pence each	Total
	\$	\$	\$	\$
Called up, allotted and fully paid:				
1 January	793	2	53,477	54,272
Shares issued	-	-	949	949
31 December	<u>793</u>	<u>2</u>	<u>54,426</u>	<u>55,221</u>

During the year 59,659 warrants were converted into preference shares of 1 pence each at a strike price of £1.25 each and 1,843 preference shares of 1 pence each were issued at par.

Ordinary and preference share capital rank pari passu with each other except for the following rights of preference shares on winding up:

- Payment of dividends not declared; and
- Repayment of capital paid up on each preference share together with any share premium paid.

Preference shareholders shall not be entitled to any participation in any surplus assets available for distribution after exercise of their preferential rights above.

The preference shareholders have the right to convert their shares to ordinary shares at any time.

1,483,245 warrants giving a right to convert into preference shares at a strike price of £1.25 were subscribed for at nil consideration during 2002. These are convertible at the holder's option over a period of 10 years from issue date 1st July 2003. The warrants lapsed during the year ended 31 December 2013.

The special deferred share holds no voting rights, rights to dividends, or rights to further participation in the capital of the company. On winding up the holder is entitled only to the repayment of paid up share capital, subordinated to the rights of the preference shareholders as noted above.

14 SHARE PREMIUM ACCOUNT

	2013 \$	2012 \$
1 January	5,260,265	5,260,265
Preference shares issued during the year	113,993	-
31 December	<u>5,374,258</u>	<u>5,260,265</u>

15 CAPITAL REDEMPTION ACCOUNT

	2013 \$	2012 \$
1 January	34	-
Shares repurchased in the year	-	34
31 December	<u>34</u>	<u>34</u>

Global Coal Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2013

16	PROFIT AND LOSS ACCOUNT	2013 \$	2012 \$
	1 January	2,874,225	3,215,632
	Profit for the financial year	2,739,808	4,610,099
	Dividend paid	(1,300,034)	(2,077,281)
	Dividend payable	(2,000,976)	(2,874,225)
	31 December	<u>2,313,023</u>	<u>2,874,225</u>
17	FOREIGN EXCHANGE RESERVE		\$
	At 1 January 2012 and 2013 and 31 December 2012 and 2013		<u>(29,315)</u>
	On 1 January 2012 the company changed its functional currency from GBP to USD.		
18	RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS	2013 \$	2012 \$
	Issue of shares	949	-
	Increase in share premium	113,993	-
	Profit for the financial year	2,739,808	4,610,099
	Dividend paid	(1,300,034)	(2,077,281)
	Dividend payable	(2,000,976)	(2,874,225)
	Net reduction in shareholders' funds	<u>(446,260)</u>	<u>(341,407)</u>
	Opening shareholders' funds	8,159,481	8,500,888
	Closing shareholders' funds	<u>7,713,221</u>	<u>8,159,481</u>
19	CASH FLOWS	2013 \$	2012 \$
a	Reconciliation of operating profit to net cash inflow from operating activities		
	Operating profit	3,662,700	4,568,662
	Depreciation and amortisation	230,669	312,753
	Impairment loss	129,000	-
	Decrease/(increase) in debtors	868,850	(1,195,384)
	Increase/(decrease) in creditors	179,133	(548,694)
	Net cash inflow from operating activities	<u>5,070,352</u>	<u>3,137,337</u>
b	Analysis of cash flows for headings netted in the cash flow statement	2013 \$	2012 \$
	Returns on investments and servicing of finance		
	Interest received	14,053	22,786
	Net cash inflow from returns on investments and servicing of finance	<u>14,053</u>	<u>22,786</u>

Global Coal Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2013

19 CASH FLOWS (continued)

Capital expenditure and financial investment

Purchase of tangible fixed assets	(89,984)	(154,821)
Proceeds on the sale of intangible assets	-	2,734,037

Net cash (outflow)/inflow from capital expenditure and financial investment

(89,984)	2,579,216
----------	-----------

Financing

Issue of preference share capital	114,942	-
-----------------------------------	---------	---

Net cash inflow from financing

114,942	-
---------	---

c Analysis of net funds

	At 1 January 2013 \$	Cash flow 2013 \$	At 31 December 2013 \$
Cash at bank and in hand	11,861,161	(393,809)	11,467,352

20 COMMITMENTS UNDER OPERATING LEASES

At 31 December 2013 the company had annual commitments under non-cancellable operating leases as follows:

	2013 \$	2012 \$
Land and buildings:		
expiring within one year	210,957	-
expiring in the second to fifth year	68,220	268,048
	<u>279,177</u>	<u>268,048</u>

21 ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The ultimate parent undertaking by virtue of its shareholding is Global HubCo BV, a company registered in the Netherlands. Accounts are available from Global HubCo BV, Strawinskylaan 3015, 1077 2X Amsterdam, The Netherlands.

In the opinion of the directors, there is no single controlling party given that the shareholders' agreement has provisions, separate from rights attaching to shares, such that a "consumer" shareholder must agree to a vote in addition to votes cast by "producer" shareholders (Global HubCo BV and Anglo American Finance (UK) Plc) before certain special resolutions can be passed.

22 RELATED PARTIES

An amount of \$49,005 (2012: \$43,274) was paid to Roy Poyntz, in respect of non executive director fees. At 31 December 2013, \$nil (2012: \$nil) was due to Roy Poyntz.