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**13. Taxation**

In US dollar	2014	2013
<b>Major components of the tax expense</b>		
<b>Deferred tax</b>		
Reversing temporary differences	1,169,961	(207,784)
<b>Reconciliation of tax benefit/(expense) to statutory tax rate</b>		
Income/(loss) before income taxes	3,093,811	(840,819)
Tax at the applicable tax rate of 28% (2013: 28%)	866,267	(235,429)
<b>Tax effect of adjustments on taxable income</b>		
Non-deductible expenses	303,694	27,645
Tax expense/(benefit)	<u>1,169,961</u>	<u>(207,784)</u>

**14. Commitments and contingencies****Contingent asset**

The Company is involved in renewable energy and its business, of generating electricity from wind and solar power, has been certified in terms of the Clean Development Mechanism (CDM). The process allows for the reduction in carbon emissions to be converted to carbon credits after a verification process. The Certified Emission Reductions (CER's) can be sold in the open market, no asset has been recorded during the years 31 December 2014 and 2013.

**15. Operating lease**

At the reporting date, the Company has commitments for future notarial and servitude lease payments over three land leases for the remaining term of the leases of 23.25 years as of 31 December 2014 amounting to:

- the greater of \$10,507 per turbine per year or 2% of gross revenue on the Klipheuwel-Dassiefontein Wind Energy Facility
- 0.5% of gross revenue on the Aries Solar PV Energy Facility
- \$17,933 per annum on the Konkoonies Solar PV Energy Facility

The annual minimum payment amount of \$10,507 and \$17,933 increases annually with South African Inflation. The lease period can be renewed for a further 25 years at the end of the lease.

**16. Related parties**

In US dollar	2014	2013
<b>Related party transactions</b>		
<b>Reimbursement of development cost to related parties</b>		
BioTherm Energy Proprietary Limited	2,007,061	—
<b>Administration fees paid to related parties</b>		
Friedshelf 1293 (RF) Proprietary Limited	396,037	414,654
BioTherm Operations and Maintenance (RF) Proprietary Limited	1,847,030	1,889,323
BTSA Netherlands Cooperatie U.A. (Netherlands)	169,209	—

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