

GOVERNANCE





CoAL is a limited company incorporated in Australia. Its common shares are listed on the ASX, the AIM Market of the London Stock Exchange and the JSE in South Africa.

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Corporate **governance statement**

The Board of Directors of CoAL is responsible for the establishment of a corporate governance framework that has regard to the best practice recommendations set by the ASX Corporate Governance Council.

This statement summarises the corporate governance practices that have been adopted by the Board. In addition to the information contained in this statement, the Company's website at www.coalofafrica.com contains additional details of its corporate governance procedures and practices.

The Company has followed the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (Third Edition) (ASX Principles) where the Board has considered the recommendations to be an appropriate benchmark for its corporate governance principles. Where the Company considered it was not appropriate to presently comply with a particular recommendation, the reasons are set out in the relevant section of this statement.

PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

A listed entity should establish and disclose the respective roles and responsibilities of its board and management and how their performance is monitored and evaluated.

ASX PRINCIPLES RECOMMENDATION 1.1: A LISTED ENTITY SHOULD DISCLOSE:

- a) the respective roles and responsibilities of its board and management; and
- b) those matters expressly reserved to the board and those delegated to management.

The Board has established a Board Charter which sets out functions reserved to the Board and those delegated to senior executives. This Charter is available on the Company's website.

The role of the Board is to provide leadership for and supervision of the Company's senior management. The

Board provides the strategic direction of the Company and regularly measures the progression by senior management of that strategic direction.

The key responsibilities of the Board include:

- Overseeing the Company, including its control and accountability systems;
- Appointing the Chief Executive Officer, or equivalent, for a period and on terms as the Directors see fit and, where appropriate, removing the Chief Executive Officer, or equivalent;
- Ratifying the appointment and, where appropriate, the removal of senior executives, including the Chief Financial Officer and the Company Secretary;
- Ensuring the Company's policy and procedure for selection and (re)appointment of Directors is reviewed in accordance with the Company's Nomination Committee Charter;
- Approving the Company's policies on risk oversight and management, internal compliance and control, Code of Conduct, and legal compliance;
- Satisfying itself that senior management has developed and implemented a sound system of risk management and internal control in relation to financial reporting risks and reviewed the effectiveness of the operation of that system;
- Assessing the effectiveness of senior management's implementation of systems for managing material business risk including the making of additional enquiries and to request assurances regarding the management of material business risk, as appropriate;
- Monitoring, reviewing and challenging senior management's performance and implementation of strategy;
- Ensuring appropriate resources are available to senior management;
- Approving and monitoring the progress of major capital expenditure, capital management, and acquisitions and divestitures;
- Monitoring the financial performance of the Company;
- Ensuring the integrity of the Company's financial (with the assistance of the Audit and Risk Committee) and other reporting through approval and monitoring;

- Providing overall corporate governance of the Company, including conducting regular reviews of the balance of responsibilities within the Company to ensure division of functions remain appropriate to the needs of the Company;
- Appointing the external auditor (where applicable, based on recommendations of the Audit and Risk Committee) and the appointment of a new external auditor when any vacancy arises, provided that any appointment made by the Board must be ratified by shareholders at the next Annual General Meeting of the Company;
- Engaging with the Company's external auditors and Audit and Risk Committee;
- Monitoring compliance with all of the Company's legal obligations, such as those obligations relating to the environment, native title, cultural heritage and occupational health and safety; and
- Making regular assessment of whether each non-executive director is independent in accordance with the Company's policy on assessing the independence of Directors.

The Board has delegated responsibilities and authorities to management to enable them to conduct the Company's day-to-day activities. Matters which are not covered by these delegations, such as approvals which exceed certain limits, require Board approval.

Meeting attendance of members of the Board for FY2016

	Number of Board meetings attended while a member	Number of Board meetings held while a member
Bernard Pryor (Chairman)	9	9
David Brown	9	9
Peter Cordin	9	9
Khomotso Mosehla	6	9
Rudolph Torlage	8	9
Andrew Mifflin	9	9
Thabo Mosololi	7	9
De Wet Schutte	9	9

The Board has established three standing Committees to assist it to meet its responsibilities:

- Audit and Risk Committee;
- Nomination and Remuneration Committee; and
- Safety, Health and Environment Committee.

Each standing Committee has a formal Charter approved by the Board setting out the matters relevant to composition, terms of reference, process and administration of that Committee. These Committees are described in further detail elsewhere in this Corporate Governance Statement.

The Board Charter requires the Board to convene regular meetings with such frequency as is sufficient to appropriately discharge its responsibilities.

Standing Committee meetings are held as required, generally the day prior to the scheduled Board meeting. The Chairman sets the agenda for each meeting in conjunction with the Chief Executive Officer and Company Secretary. Any Director may request additional matters on the agenda. Members of senior management attend meetings of the Board and its Committees by invitation and are available for questioning by Directors.

ASX PRINCIPLES RECOMMENDATION 1.2: A LISTED ENTITY 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.

The Company performs checks on all potential Directors which include checks on a person's character, experience, education, criminal record and bankruptcy history. Potential Directors are required to provide their consent for the Company to conduct any background or other checks and also acknowledge that they will have sufficient time available to fulfil their responsibilities as Director of the Company.

Newly appointed Directors must stand for reappointment at the next Annual General Meeting of the Company. The Notice of Meeting for the AGM provides shareholders with

Corporate **governance statement** continued

information about each Director standing for election or re-election including details regarding their length of tenure, relevant skills and experience.

ASX PRINCIPLES RECOMMENDATION 1.3:

A LISTED ENTITY SHOULD:

- a) have a written agreement with each Director and senior executive setting out the terms of their appointment.

The Company has written agreements in place with each Director in the form of an appointment letter. The letter, among other matters, summarises the terms of appointment including remuneration, the requirement to comply with key corporate policies including the Code of Conduct and Share Trading Policy and indemnity and insurance arrangements.

All senior executives including the Chief Executive Officer and the Chief Financial Officer have their position descriptions, roles and responsibilities set out in writing in an employment contract.

ASX PRINCIPLES RECOMMENDATION 1.4:

THE COMPANY SECRETARY OF A LISTED ENTITY SHOULD:

- a) be accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board; and
- b) the Company Secretary has an important role in supporting the effectiveness of the Board and its committees.

The role of the Company Secretary includes:

- Advising the Board and its committees on governance matters;
- Monitoring that Board and committee policy and procedures are followed; and
- Ensuring that the business at Board and committee meetings is accurately reflected in the minutes.

All Directors have direct access to the Company Secretary and vice versa. The appointment and removal of the Company Secretary is a matter for decision by the Board as a whole.

ASX PRINCIPLES RECOMMENDATION 1.5:

A LISTED ENTITY SHOULD:

- a) 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;

- b) disclose the policy or a summary of it; and

- c) 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 and either:

1. the respective proportions of men and women on the Board, in senior executive positions and across the whole organisation; or
2. if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.

The Company is committed to developing a diverse workforce and providing a work environment in which all employees are treated fairly and with respect. To this end, the Company has in place an Employment Equity Policy which details its commitment to being an equal opportunity employer and is in line with the South African Mining Charter and Employment Equity legislation in South Africa. A copy of the Employment Equity Policy and the Diversity Policy are available on the Company's website.

The Mining Charter requires that a company establish measurable objectives for achieving gender diversity and assess such objectives and progress toward achieving them. The targets set for CoAL include 10% female representation in core mining positions. Employment Equity targets as these relate to designated groups (one of which is women) are included as part of the business key performance areas which are included in all management performance contracts.

Proportion of women employees in the organisation at end FY2016	%
Employees	45
Management	44
Senior Executive	25
Board	0

The Company is not considered a relevant employer under the Australian Workplace Gender Equality Act as the number of employees in Australia is below the threshold.

ASX PRINCIPLES RECOMMENDATION 1.6:

A LISTED ENTITY SHOULD:

- a) have and disclose a process for periodically evaluating the performance of its Board, its committees and individual Directors; and
- b) disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.

The Board reviews its performance and the performance of individual Directors annually. The most recent review, which was conducted during the year, involved the completion of a detailed questionnaire by each Director. The process was managed by the Company Secretary and the Chairman and the results of the review were discussed at a subsequent Board meeting.

The Board considers its processes for reviewing the performance of the Board appropriate for the size and stage of development of the Company.

ASX PRINCIPLES RECOMMENDATION 1.7:

A LISTED ENTITY SHOULD:

- a) have and disclose a process for periodically evaluating the performance of its senior executives; and
- b) disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.

The Chief Executive Officer is responsible for assessing the performance of the key executives within the Company. This is performed at least annually through a formal process involving a formal meeting with each senior executive. A performance evaluation of senior executives was completed in the financial year in accordance with this process.

PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

A listed entity should have a Board of an appropriate size, composition, skills and commitment to enable it to discharge its duties effectively.

ASX PRINCIPLES RECOMMENDATION 2.1:

THE BOARD OF A LISTED ENTITY SHOULD:

- a) have a Nomination Committee which:
 - 1. has at least three members, a majority of whom are independent Directors; and
 - 2. is chaired by an independent Director; and disclose

- 3. the Charter of the committee;
- 4. the members of the committee; and
- 5. as at the end of the reporting period the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or
- b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.

The Company has established a Nomination and Remuneration Committee and adopted a Charter that sets out the committee's roles and responsibilities, composition and membership requirements. The Charter has been published on the Company's website.

The Committee's nomination responsibilities include ensuring that the Board has the appropriate blend of Directors with the necessary expertise and relevant industry experience. As such, the Charter requires the Committee to:

- Regularly review the size and composition of the Board, and make recommendations to the Board on any appropriate changes;
- Identify and assess necessary and desirable Director competences and provide advice on the competency levels of Directors with a view to enhancing the Board;
- Make recommendations on the appointment and removal of Directors;
- Make recommendations on whether any Directors whose term of office is due to expire should be nominated for re-election; and
- Regularly review the time required from non-executive Directors and whether non-executive Directors are meeting that requirement.

The responsibilities of this Committee with respect to remuneration matters are set out elsewhere in this statement.

The Committee Charter states that the composition should include a minimum of three members, the majority of whom must be independent, and a Chairman who is an independent Director. Membership is consistent with the composition requirements of the Charter and the recommendations of the ASX Principles.

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Meeting attendance of members of the Nomination and Remuneration Committee for FY2016

	Number of Committee meetings attended in FY2016 while a member	Number of Committee meetings held in FY2016 while a member
Bernard Pryor (Chairman)	4	4
Thabo Mosololi	4	4
David Brown	4	4

ASX PRINCIPLES RECOMMENDATION 2.2: A LISTED ENTITY SHOULD:

- a) have and disclose a board skills matrix setting out the skills and diversity that the Board currently has or is looking to achieve in its membership.

The Company's website contains details on the procedures for the selection and appointment of new Directors and the re-election of incumbent Directors, together with the Board's policy for the nomination and appointment of Directors.

The Board has developed a structured process for selection and appointment of new Directors to the Board. As part of this procedure, the Board has committed to:

- The evaluation and identification of the diversity, skills, experience and expertise that will best complement Board effectiveness;
- The development of a competencies review process for identifying and assessing Director competencies;
- The conduct of a competencies review of the Board before a candidate is recommended for appointment; and
- The periodic review of the Board's succession plan.

The following Board skills matrix sets out the mix of skills, experience and expertise the Board currently has across its membership:

Competencies	Rating
South African politics	√
Strategic thinking	√
Gender	x
Technical	√
Financial	√
Commercial	√
Mergers and acquisitions	√
Coal markets	√
International affairs	√
Shareholder relations	√
Project development	√
Equity markets	√
Debt markets/banking experience	x
Executive leadership	√
Listed board experience	√
SHE and sustainability	√

x The CoAL Board is working to increase these skills.

ASX PRINCIPLES RECOMMENDATION 2.3: A LISTED ENTITY SHOULD DISCLOSE:

- a) the names of the Directors considered by the Board to be independent Directors;
- b) if a Director has an interest, position, association or relationship of the type that might cause doubts about the independence of that Director but the Board is of the opinion that it does not compromise the independence of the Director; the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and
- c) the length of service of each Director.

**ASX PRINCIPLES RECOMMENDATION 2.4:
A MAJORITY OF THE BOARD OF A LISTED ENTITY SHOULD:**

a) be independent Directors.

**ASX PRINCIPLES RECOMMENDATION 2.5:
THE CHAIR OF THE BOARD OF A LISTED ENTITY SHOULD:**

a) be an independent Director and, in particular; should not be the same person as the Chief Executive Officer of the entity.

The Board currently comprises two executive Directors and six non-executive Directors. Five of the non-executive Directors are considered to be independent. The Chairman, Mr Pryor, is one of the independent Directors.

The Board agrees that all Directors should bring an independent judgement to bear in decision-making. The Board has adopted a formal policy on access to independent professional advice which provides that Directors are entitled to seek independent professional advice for the purposes of the proper performance of their duties. The advice is at the Company's expense and advice so obtained is to be made available to all Directors.

A Director's obligations to avoid a conflict of interest are set out in the Code of Conduct, available on the Company's website. Directors must also comply strictly with Corporations Act requirements for the avoidance of conflicts.

The Board considers an independent Director to be a non-executive Director who meets the criteria for independence

set out the ASX Principles. In determining a Director's independence, the Board considers the relationships that may affect independence.

Criteria that the Board takes into account when determining Director independence include:

- Substantial shareholdings in the Company;
- Past or current employment in an executive capacity;
- Whether or not the Director has been a principal of a material professional adviser or a material consultant to the Company in the past three years;
- Material supplier or customer relationships with the Company;
- Material contractual relationships or payments for services other than as a Director; and
- Family ties and cross-directorships.

Materiality for these purposes is based on quantitative and qualitative thresholds, set out in the Board Charter available from the Company's website.

The Board has reviewed and considered the positions and associations of each of the Directors in office at the date of this report and consider that a majority of the Directors are independent. Bernard Pryor, Peter Cordin, Khomotso Mosehla, Andrew Mifflin and Thabo Mosololi are considered independent. Executive Directors David Brown and De Wet Schutte and non-executive Director Rudolph Torlage are not considered independent. Non-executive Director Rudolph Torlage is an officer/senior employee of ArcelorMittal South Africa Ltd, a substantial shareholder in the Company and as such does not meet the Board's criteria for independence.

The period of office held by each Director in office

Director	Date appointed	Period in office (years)	Due for re-election or retirement
Bernard Pryor	6 August 2012	4	2016 AGM
David Brown	6 August 2012	4	2018 AGM
De Wet Schutte	22 June 2015	1	2018 AGM
Peter Cordin	8 December 1997	18	2016 AGM
Khomotso Mosehla	18 November 2010	5	2016 AGM
Rudolph Torlage	18 November 2010	5	2017 AGM
Andrew Mifflin	12 December 2014	1	2017 AGM
Thabo Mosololi	12 December 2014	1	2018 AGM

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Directors must retire at the third AGM following their election or most recent re-election. At least one third of Directors must stand for election at each AGM. Any Director appointed to fill a casual vacancy since the date of the previous AGM must submit themselves to shareholders for election at the next AGM. Re-appointment of Directors by rotation is not automatic.

**ASX PRINCIPLES RECOMMENDATION 2.6:
A LISTED ENTITY SHOULD:**

- a) 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.

As part of the induction process, meetings are arranged with other Board members and key executives prior to the Director's appointment.

All Directors are expected to maintain the skills required to discharge their obligations to the Company. Directors are encouraged to undertake continuing professional education and where this involves industry seminars and approved education courses, this is paid for by the Company where appropriate.

The skills, experience and expertise relevant to the position of Director held by each Director in office at the date of this integrated report is set out in the Directors' report.

PRINCIPLE 3: ACT ETHICALLY AND RESPONSIBLY

A listed entity should act ethically and responsibly.

**ASX PRINCIPLES RECOMMENDATION 3.1:
A LISTED ENTITY SHOULD:**

- a) have a code of conduct for its Directors, senior executives and employees; and
- b) disclose that code or a summary of it.

CODE OF CONDUCT

The Board encourages appropriate standards of conduct and behaviour from Directors, officers, employees and contractors of the Company. The Board has adopted a Code of Conduct in relation to Directors and employees, available from the Company's website. This Code of Conduct is regularly reviewed and updated as necessary to ensure that it reflects the highest standards of behaviour and

professionalism and the practices necessary to maintain confidence in the Company's integrity.

A fundamental theme is that all business affairs are conducted legally, ethically and with strict observance of the highest standards of integrity and propriety.

SECURITIES TRADING POLICY

The Board has adopted a Securities Trading Policy which regulates dealings by Directors, officers and employees in securities issued by the Company. The policy is intended to assist in maintaining market confidence in the integrity of dealings in the Company's securities.

Under the policy, which is available on the Company's website, Directors, officers and employees of the Company must not, whether in their own capacity or as an agent for another, subscribe for, purchase or sell, or enter into an agreement to subscribe for, purchase or sell, any securities (ie. shares or options) in the Company, or procure another person to do so:

- a) If that Director, officer or employee possesses information that a reasonable person would expect to have a material effect on the price or value of the securities if the information was generally available;
- b) If the Director, officer or employee knows or ought reasonably to know, that:
 - the information is not generally available; and
 - if it were generally available, it might have a material effect on the price or value of the securities in the Company; and
- c) without the written acknowledgement of the Chair.

Further, Directors, officers and employees must not either directly or indirectly pass on this kind of information to another person if they know, or ought reasonably to know, that this other person is likely to deal in the securities of the Company or procure another person to do so.

The policy regulates trading by key management personnel within defined closed periods, as well as providing details of trading not subject to the policy, exceptional circumstances in which key management personnel may be permitted to trade during a prohibited period with prior written clearance and the procedure for obtaining written clearance.

Directors, officers and employees must not enter into transactions or arrangements which operate to limit the economic risk of their security holding in the Company without first seeking and obtaining written acknowledgement from the Chair.

Executives are also prohibited from entering into transactions or arrangements which limit the economic risk of participating in unvested entitlements.

PRIVACY

The Company has resolved to comply with the National Privacy Principles contained in the Privacy Act 1988, to the extent required for a company the size and nature of CoAL.

PRINCIPLE 4: SAFEGUARD INTEGRITY IN CORPORATE REPORTING

A listed entity should have formal and rigorous processes that independently verify and safeguard the integrity of its corporate reporting.

ASX PRINCIPLES RECOMMENDATION 4.1: THE BOARD OF A LISTED ENTITY SHOULD:

- a) have an audit committee which:
1. has at least three members, all of whom are non-executive Directors and a majority of whom are independent Directors; and
 2. is chaired by an independent Director, who is not the chair of the board, and disclose
 3. the charter of the committee;
 4. the relevant qualifications and experience of the members of the committee; and
 5. in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or
- b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.

AUDIT COMMITTEE

The Company has established an Audit and Risk Committee which is comprised of a majority of independent non-executive Directors.

The role of the Audit and Risk Committee is to:

- Monitor and review the integrity of the financial reporting of the Company, reviewing significant financial reporting judgments;
- Review the Company's internal financial control system and, unless expressly addressed by a separate risk committee or by the Board itself, risk management systems;
- Monitor, review and oversee the external audit function including matters concerning appointment and remuneration, independence and non-audit services;
- Monitor and review compliance with the Company's Code of Conduct; and
- Perform such other functions as assigned by law, the Company's Constitution, or the Board.

The Board has determined that the Audit and Risk Committee should comprise:

- At least three members;
- A majority of independent non-executive Directors; and
- An independent chair who is not the Chair of the Board.

In addition 1, the Audit and Risk Committee should include:

- Members who are financially literate i.e. able to read and understand financial statements;
- At least one member with relevant qualifications and experience, i.e. a qualified accountant or other finance professional with experience of financial and accounting matters; and
- At least one member with an understanding of the industry in which the entity operates.

Membership is now consistent with the composition requirements of the Charter and the recommendations of the ASX Principles. At the start of the year, while new Directors were introduced and settled in, the Chair of the Committee was Mr Pryor who is also the Chair of the Board. In August 2015 Mr Mosololi was appointed as the independent Chair of the Committee.

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The Charter is published on the Company’s website. The website also contains information on the procedures for the selection and appointment of the external auditor and for the rotation of external audit partners.

Details of meeting attendance of members of the Audit and Risk Committee for FY2016

	Number of Committee meetings attended in FY2016 while a member	Number of Committee meetings held in FY2016 while a member
Thabo Mosololi (Chairman)	4	4
Bernard Pryor	4	4
Khomotso Mosehla	2	4

ASX PRINCIPLES RECOMMENDATION 4.2: THE BOARD OF A LISTED ENTITY SHOULD:

- a) before it approves the entity’s financial statements for a financial period, receive from the 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 position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

The Chief Executive Officer and Chief Financial Officer confirm in writing to the Board that:

- a) The Company’s annual financial reports present a true and fair view, in all material respects, of the Company’s financial condition and operational results are in accordance with relevant accounting standards;
- b) The above confirmation is founded on a sound system of risk management and internal compliance and control which implements the policies of the Board; and
- c) The Company’s risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

This declaration was obtained for the relevant reporting period.

ASX PRINCIPLES RECOMMENDATION 4.3: A LISTED ENTITY THAT HAS AN AGM SHOULD:

- a) ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.

The auditor attends the AGM, usually by telephone as the meeting is held in the United Kingdom. Shareholders are able to ask questions on the conduct of the audit and the preparation and content of the audit report, in accordance with the requirements of the Corporations Act 2001.

PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

A listed entity should make timely and balanced disclosure of all matters concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.

The Company is committed to ensuring that:

- All investors have equal and timely access to material information concerning the Company – including its financial situation, performance, ownership and governance; and
- Company announcements are factual and presented in a clear and balanced way.

ASX PRINCIPLES RECOMMENDATION 5.1: A LISTED ENTITY SHOULD:

- a) should have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and
- b) disclose that policy or a summary of it.

The Board has an established Shareholder Communication Policy which is available from the Company’s website. The Company has adopted certain procedures to ensure that it complies with its continuous disclosure obligations and has appointed a Responsible Officer who is responsible for ensuring the procedures are complied with.

PRINCIPLE 6: RESPECT THE RIGHTS OF SECURITY HOLDERS

A listed entity should respect the rights of its security holders by providing them with appropriate information and facilities to allow them to exercise those rights effectively.

ASX PRINCIPLES RECOMMENDATION 6.1: A LISTED ENTITY SHOULD:

- a) provide information about itself and its governance to investors via its website.

ASX PRINCIPLES RECOMMENDATION 6.2: A LISTED ENTITY SHOULD:

- a) design and implement an investor relations program to facilitate effective two-way communication with investors.

ASX PRINCIPLES RECOMMENDATION 6.3: A LISTED ENTITY SHOULD:

- a) disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.

**ASX PRINCIPLES RECOMMENDATION 6.4:
A LISTED ENTITY SHOULD:**

- a) give security holders the option to receive communications from, and send communications to, the entity and its security register electronically.

The Board has established a communications strategy which is available from the Company's website.

The Board aims to ensure that the shareholders are informed of all major developments affecting the Company. All shareholders receive the Company's annual report, and may also request copies of the Company's half-yearly and quarterly reports.

The Company maintains a website at www.coalofafrica.com and makes comprehensive information available on a regular and up-to-date basis. The Company provides shareholder materials directly to shareholders through electronic means. A shareholder may request a hard copy of the Company's annual report to be posted to them.

Shareholders are encouraged at annual general meetings to ask questions of Directors and senior management and also the Company's external auditors, who attend the Company's AGMs.

PRINCIPLE 7: RECOGNISE AND MANAGE RISK

A listed entity should establish a sound risk management framework and periodically review the effectiveness of that framework.

**ASX PRINCIPLES RECOMMENDATION 7.1:
THE BOARD OF A LISTED ENTITY SHOULD:**

- a) have a committee or committees to oversee risk, each of which:
1. has at least three members, a majority of whom are independent Directors;
 2. is chaired by an independent Director;
 3. discloses the charter of the committee;
 4. discloses the members of the committee; and
 5. as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or
- b) it does not have a risk committee or committee that satisfies (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.

The Company has a policy for the oversight and management of material business risks, which is available on the Company's website. The Board is responsible for approving the Company's policies on risk oversight and management and satisfying itself that management has developed and implemented a sound system of risk management and internal control.

Implementation of the risk management system and day-to-day management of risk is the responsibility of the Chief Executive Officer, with the assistance of senior management, as required.

The Chief Executive Officer has responsibility for identifying, assessing, monitoring and managing risks. The Chief Executive Officer is also responsible for identifying any material changes to the Company's risk profile and ensuring, with approval of the Board, the risk profile of the Company is updated to reflect any material change.

The Chief Executive Officer is required to report on the progress of, and on all matters associated with, risk management on a regular basis, and at least annually. During the reporting period, the Chief Executive Officer regularly reported to the Board as to the effectiveness of the Company's management of its material business risks.

The Audit and Risk Committee also has responsibility for reviewing the Company's internal financial control system and risk management systems and reporting to the Board. Details of the composition and Charter of the Audit and Risk Committee has been disclosed earlier in this document (refer Principle 4).

In addition, the Board has also established a Safety, Health and Environment Committee to assist the Board in the effective discharge of its responsibilities in relation to safety, health and environmental (SHE) issues for CoAL, and the oversight of risks relating to these issues. The Committee's responsibilities include to:

- Understand the risks of SHE issues involving CoAL's activities;
- Ensure that the systems and processes for identifying, assessing and managing SHE risks of CoAL are adequately monitored;
- Regularly review and ensure compliance with the SHE strategies and policies of CoAL and the supporting management systems and processes; and
- Monitor developments in relevant SHE-related legislation and regulations and monitor CoAL's compliance with relevant legislation, including through audits.

Details of meeting attendance of members of the Audit and Risk Committee for FY2016 are contained in a table earlier in this document (refer Principle 4).

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ASX PRINCIPLES RECOMMENDATION 7.2: THE BOARD OR COMMITTEE OF THE BOARD SHOULD:

- a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and
- b) disclose, in relation to each reporting period, whether such a review has taken place.

The risk management framework was reviewed by the Committee during the reporting period.

ASX PRINCIPLES RECOMMENDATION 7.3: A LISTED ENTITY SHOULD DISCLOSE:

- a) if it has an internal audit function, how the function is structured and what role it performs; or
- b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.

Due to the size of the Company and its current level of activity and operations, the Company does not have a formal internal audit function.

The Board believe that the Company's risk management and internal control systems establish a sufficient control environment to manage business risks.

ASX Principles Recommendation 7.4: A listed entity should disclose whether it has any material exposure to economic, environmental and socially sustainable risks and, if it does, how it manages or intends to manage those risks.

The Company is very aware of its impact on the economy, the environment and the community in which it operates, and the risks associated with not dealing with aspects appropriately.

The Company annually reports on these aspects through its Sustainable Development Review in the Integrated (Annual) Report. This report is available on the Company website.

PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

A listed entity should pay Director remuneration sufficient to attract and retain high quality Directors and design its executive remuneration to attract, retain and motivate high quality senior executives and to align their interests with the creation of value for security holders.

ASX PRINCIPLES RECOMMENDATION 8.1: THE BOARD OF A LISTED ENTITY SHOULD:

- a) have a remuneration committee which:
 1. has at least three members, a majority of whom are independent Directors; and
 2. is chaired by an independent Director; and disclose
 3. the charter of the committee;
 4. the members of the committee; and
 5. as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings;
- or
- b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for Directors and senior executives and ensuring that such remuneration is appropriate and not excessive.

The Board has established a Nomination and Remuneration Committee and adopted a Charter that sets out the committee's roles and responsibilities, composition and membership requirements. The Charter is available on the Company's website.

The Committee Charter states that the composition should include a minimum of three members, the majority of whom must be independent, and a Chairman who is an independent Director. Membership is consistent with the composition requirements of the Charter and the recommendations of the ASX Principles.

Details of meeting attendance of members of the Nomination and Remuneration Committee for FY201 are contained in a table earlier in this document (refer Principle 2).

**ASX PRINCIPLES: RECOMMENDATION 8.2:
A LISTED ENTITY SHOULD:**

- a) separately disclose its policies and practices regarding the remuneration of non-executive Directors and the remuneration of executive Directors and other senior executives.

The Charter of the Remuneration Committee details the Company's approach to the structure of executive and non-executive remuneration. Executive Directors and key executives are remunerated by way of a salary or consultancy fees, commensurate with their required level of services. Non-executive Directors receive a fixed monthly fee for their services. Total aggregated non-executive Directors' fees are currently capped at A\$1,000,000 per annum.

The Company does not have any scheme relating to retirement benefits for non-executive Directors.

The remuneration report contained in the Directors' report contains details of remuneration paid to Directors and key executives during the year.

Disclosure of the Company's remuneration policies is best served through a transparent and readily understandable framework for executive remuneration that details the costs and benefits. The Company intends to meet its transparency obligations in the following manner:

- Publishing a detailed remuneration report in the annual report each year;
- Continuous disclosure of employment agreements with key executives where those agreements, or obligations falling due under those agreements, may trigger a continuous disclosure obligation under ASX Listing Rule 3.1;

- Presentation of the remuneration report to shareholders for their consideration and nonbinding vote at the Company's AGM;
- Taking into account the outcome of the nonbinding shareholder vote when determining future remuneration policy; and
- Responding to shareholder questions on policy and practice in a frank and open manner.

**ASX PRINCIPLES: RECOMMENDATION 8.3:
A LISTED ENTITY WHICH HAS AN EQUITY-BASED
REMUNERATION SCHEME SHOULD:**

- a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and
- b) disclose that policy or a summary of it. Companies should clearly distinguish the structure of non-executive Directors' remuneration from that of executive Directors and senior executives.

The Company has a Performance Rights Plan which was approved by Shareholders at the 2015 AGM. A summary of the plan was included in the Company's 2015 Notice of General Meeting, a copy of which is available on the Company's website.

The Company's Policy for Trading in Company Securities prohibits Directors, Officers and Employees from entering into transactions or arrangements which operate to limit the economic risk of their security holding in the Company without first seeking and obtaining written clearance from the Chairman.

A copy of the Company's Policy for Trading in Company Securities can be found on the Company's website.

Directors report

for the year ended 30 June 2016

The Directors of Coal of Africa Limited ("CoAL" or the "Company") submit herewith the annual report of the Company and the entities controlled by the Company (its subsidiaries), collectively referred to as the "Group" or the "Consolidated Entity," for the financial year ended 30 June 2016. All balances are denominated in United States dollars unless otherwise stated.

In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

INFORMATION ABOUT THE DIRECTORS AND KEY MANAGEMENT PERSONNEL

The names and particulars of the Directors of the Company during or since the end of the financial year are set out below. Unless otherwise stated, the Directors held office during the whole of the financial year:

Bernard Robert Pryor	Independent Non-executive Chairman	Mr Pryor is currently the chief executive officer of Alufer Mining Limited and was previously the chief executive officer of African Minerals Limited and prior to that the chief executive of Q Resources Plc. Between 2006 and 2010 he held senior executive positions within Anglo American Plc as head of business development, and CEO of Anglo Ferrous Brazil Inc.
David Hugh Brown	Executive Director and Chief Executive Officer	Mr Brown is a Chartered Accountant, CA (SA) and completed his articles with Ernst & Young, graduating from the University of Cape Town. Mr Brown joined CoAL following a tenure of almost 14 years at Impala Platinum Holdings Limited ("Implats"). He joined the Impala Group in 1999 and served as chief financial officer and financial director of Implats before being appointed chief executive officer in 2006. He is currently an independent non-executive director of Vodacom Group Limited. In the past he has served as a non-executive director of Simmer & Jack Limited, as well as Edcon Holdings Limited and chairman of ASX listed Zimplats Holdings Limited.
De Wet Olivier Schutte	Executive Director and Chief Financial Officer	Mr De Wet Schutte is a Chartered Accountant, CA (SA) and completed an MBA at the University of Virginia in 2002. He has been involved at the senior level in the mining and natural resources industry for the past 16 years, most notably as Managing Director, Natural Resources at Macquarie Bank and CFO at the listed platinum producer, Atlatza Resources Corporation. Prior to these positions he worked for Harmony Gold Mining (Pty) Ltd as its New Business and Exploration Executive for a period of three years.
Peter George Cordin	Independent Non-executive Director	Mr Cordin has a Bachelor of Engineering from the University of Western Australia and is experienced in the evaluation, development and operation of resource projects within Australia and overseas. He is a non-executive director of Vital Metals Limited and Aurora Minerals Limited.
Khomotso Brian Mosehla	Independent Non-executive Director	Mr Mosehla is a Chartered Accountant, CA (SA) and completed his articles with KPMG. Mr Mosehla worked for five years at African Merchant Bank Limited, where he gained a broad range of experience, including management buy-out, leveraged buy-out and capital restructuring/raising transactions. In 2003, he established Mvelaphanda Corporate Finance, for the development of Mvelaphanda's mining and non-mining interests. Mr Mosehla served as a director on the boards of several companies, including Mvelaphanda Resources Limited, and he is currently the Chief Executive Officer of Mosomo Investment Holdings Proprietary Limited. Mr Mosehla is currently s director of Northam Platinum Ltd as well as Zambezi Platinum Limited
Rudolph Henry Torlage	Non-executive Director	Mr Torlage is a Chartered Accountant and has over twenty years experience with ArcelorMittal South Africa. He is currently General Manager, Strategy and Special Projects and a Board member of various unlisted ArcelorMittal Group companies. He was previously the Executive Director Finance at ArcelorMittal South Africa.
Andrew David Mifflin	Independent Non-executive Director	Mr Mifflin obtained his BSc. (Hons) Mining Engineering from Staffordshire University and has a Master's Degree in Business Administration. Andrew has over 30 years' experience specifically in the coal mining arena. His experience spans across various organisations such as British Coal Corporation, Xstrata and more recently GVK Resources. He has gained in depth knowledge in coal operations, both thermal and hard coking coal as well as in project development.
Thabo Felix Mosololi	Independent Non-executive Director	Mr Mosololi is a Chartered Accountant, CA (SA) qualified in South Africa and brings considerable expertise as a director of various companies as well as from his time as Finance Director and Operations Director with Tsogo Sun. Thabo has 20 years of experience within the South African corporate environment. Mr Mosololi is currently a director of Pan African Resources PLC.

No Directors were appointed or resigned during the financial year end 30 June 2016.

DIRECTORSHIPS OF OTHER LISTED COMPANIES

Directorships of other listed companies held by the Directors in the three years immediately before the end of the financial year are as follows:

Director	Company	Period of directorship
Bernard Robert Pryor	African Minerals Limited	2011 – 2014
David Hugh Brown	Vodacom Group Limited	2012 – Present
De Wet Olivier Schutte	None	
Peter George Cordin	Dragon Mining Limited	2006 – 2014
	Vital Metals Limited	2009 – Present
	Aurora Minerals Limited	2014 – Present
Khomotso Brian Mosehla	Northam Platinum Limited	2015 – Present
	Zambezi Platinum Limited	2015 – Present
Rudolph Henry Torlage	None	
Andrew David Mifflin	None	
Thabo Felix Mosololi	Evraz Highveld Steel & Vanadium Limited	2013 – 2015
	Pan African Resources PLC	2014 – Present

DIRECTORS' SHAREHOLDINGS

The following table sets out each director's relevant interest in shares or options in shares or debentures of the Company as at the date of this report.

Director	Ordinary shares	Performance Grants	Unlisted options
B Pryor ⁽¹⁾	150,000	–	1,000,000
D Brown ⁽²⁾	825,000	9,714,021	10,575,000
D Schutte ⁽³⁾	–	5,449,944	–
P Cordin ⁽⁴⁾	1,371,059	–	1,000,000
K Mosehla ⁽⁵⁾	–	–	1,000,000
R Torlage	–	–	–
A Mifflin ⁽⁶⁾	–	–	1,000,000
T Mosololi ⁽⁷⁾	10,000	–	1,000,000
	2,356,059	15,163,965	15,575,000

* Subject to shareholder approval

1. Mr Pryor was issued with the following share options:

- 1,000,000 share options on 28 November 2012 with an exercise price of GBP0.25 expiring three years from date of issue. These share options expired during the current financial period.
- 1,000,000 share options with an exercise price of GBP0.375, and expiring three years from date of issue, were due to Mr Pryor on 6 August 2015. Mr Pryor has agreed to forfeit these options prior to issue and therefore will not be included for shareholder approval.
- 1,000,000 share options with an exercise price of GBP0.055, and expiring three years from date of issue, issued on 27 November 2015.

2. Mr Brown was issued with the followings share options:

- 2,500,000 share options on 28 November 2012 with an exercise price of GBP0.25 expiring three years from date of issue, vesting immediately. These share options expired during the current financial period.
- On appointment as Chief Executive Officer and Executive Director on 1 February 2014, Mr Brown received 10,575,000 options in accordance with the Company's employee share option plan exercisable in three equal tranches over a three-year period. The first tranche of 3,525,000 options are exercisable on 1 February 2015 at ZAR1.20 each, a further 3,525,000 options are exercisable on 1 February 2016 at an exercise price of ZAR1.32 per option and the remaining 3,525,000 options are exercisable on 1 February 2017 at an exercise price of ZAR1.45. All 10,575,000 options expire on 1 February 2019.
- 9,714,021 unlisted conditional performance rights ("Performance Rights") were granted on 30 November 2015. The Performance Rights will be granted for no consideration. No exercise price is payable upon exercise of the Performance Rights.

3. Mr Schutte was issued with the following share options:

- On appointment as Chief Financial Officer and Executive Director on 22 June 2015 Mr Schutte received 6,600,000 options in accordance with the Company's employee share option plan. The options vest in three equal tranches over a three-year period and are subject to shareholder approval. The first tranche of 2,200,000 options are exercisable on 21 June 2016 at ZAR1.20 each, a further 2,200,000 options are exercisable on 21 June 2017 at ZAR1.32 per option and the remaining 2,200,000 options are exercisable on 21 June 2018 at an exercise price of ZAR1.45 each. These options are still subject to shareholder approval. All 6,600,000 options expire on 22 June 2020.
- 5,449,944 unlisted conditional performance rights granted on 30 November 2015. The Performance Rights will be granted for no consideration. No exercise price is payable upon exercise of the Performance Rights.

4. 958,300 shares are held by the Cordin Pty Ltd (The Cordin Family Trust) and 412,759 shares held by Cordin Pty Ltd (The Cordin Superannuation Fund). Mr Cordin is a beneficiary of both the trust and superannuation fund. Mr Cordin was issued 1,000,000 share options with an exercise price of GBP0.055, and expiring three years from date of issue, issued on 27 November 2015.

5. Mr Mosehla was issued 1,000,000 share options with an exercise price of GBP0.055, and expiring three years from date of issue, issued on 27 November 2015.

6. Mr Mifflin was issued 1,000,000 share options with an exercise price of GBP0.055, and expiring three years from date of issue, issued on 27 November 2015.

7. Mr Mosololi was issued 1,000,000 share options with an exercise price of GBP0.055, and expiring three years from date of issue, issued on 27 November 2015.

Directors report **continued** for the year ended 30 June 2016

REMUNERATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

Information about the remuneration of Directors and key management personnel is set out in the remuneration report of this Directors report, on pages 64 to 72.

SHARE OPTIONS GRANTED TO DIRECTORS AND SENIOR MANAGEMENT

During and since the end of the financial year, share options and performance rights were granted to Directors and key management personnel of the Company and of its controlled entities as part of their remuneration. Details of options and performance rights granted to Directors and senior management are set out on page 82.

COMPANY SECRETARY

Mr Tony Bevan, a qualified Chartered Accountant with over 25 years' experience, is the Company Secretary and works with Endeavour Corporate Pty Ltd, the company engaged to provide contract secretarial, accounting and administration services to CoAL.

PRINCIPAL ACTIVITIES

The Company is a limited company incorporated in Australia. Its common shares are listed on the ASX, the AIM and the JSE in South Africa. The principal activities of the Company and its subsidiaries are the acquisition, exploration, development and operation of metallurgical and thermal coal projects in South Africa.

The Group's principal assets and projects include:

- The Makhado hard coking and thermal coal project that has been granted a NOMR and has the potential to produce approximately 5.5 million tonnes per annum of saleable product;
- The Vele Colliery, a semi soft coking and thermal coal mine currently under care and maintenance with the potential to supply approximately 1.2million tonnes per annum of saleable product once all regulatory approvals have been obtained and plant modification completed.
- Four exploration and development stage coking and thermal coal projects, namely Chapudi, Generaal, Mopane, and Telema & Gray in the Soutpansberg Coalfield; and
- The Mooiplaats colliery currently on care and maintenance and subject to a formal sale process which is expected to be completed by 30 June 2017.

REVIEW OF OPERATIONS

The Company undertook the following activities during the year:

OPERATIONAL SALIENT FEATURES

- No Fatalities (FY2015: none) and no lost time injuries recorded during the year (FY2015: none).
- Mooiplaats Colliery is still on care and maintenance and is subject to a formal sale process.
- The IWUL for its Vele Colliery in the Limpopo Province has been renewed for a further twenty years.
- IWUL for its Makhado Project has been granted by the Department of Water and Sanitation for a period of 20 years. The IWUL was automatically suspended following an appeal to the DWS submitted by the Vhembe Mineral Resources Forum.
- The South African Minister of the Department of Environmental Affairs, has dismissed the Appeal against the Environmental Authorisation Amendment for the Vele Colliery in the Limpopo Province.
- The Optimisation Study and FEED for the Makhado Project has been completed by the International engineering and project delivery group DRA.
- The Company signed a non-binding Memorandum of Understanding with Hengshun with respect to a proposed equity investment in Baobab a subsidiary of the Company. Baobab is the subsidiary of CoAL that owns the mining right for the Makhado Project.

CORPORATE SALIENT FEATURES

- The Company agreed the terms of a recommended offer to be made by CoAL for the entire issued and to be issued share capital of Universal.

LEGAL

- During the year the Company received a notice from Rio Tinto and Kwezi Mining Proprietary Limited alleging that the Company is in breach of an obligation under the agreements pursuant to the acquired interests in Chapudi Coal Pty Ltd and Kwezi Mining Exploration Pty Ltd, and therefore all amounts owed by CoAL and MbeuYashu were claimed as due and payable. New payment terms have been negotiated with Rio Tinto for the outstanding liability FY2016: \$16.5million (FY2015: \$19.8 million) owing to Rio Tinto with the balance to be paid in monthly instalments of at least \$650,000 plus interest, and final settlement date of June 2017 has remained unchanged.

SUBSEQUENT EVENTS

Post year end, the following significant operational events took place:

- The Company announced on 15 July 2016 that the recommended offer by CoAL for the entire issued and to be issued share capital of Universal had lapsed.

There have been no other events between 30 June 2016 and the date of this report which necessitate adjustment to the consolidated statements of comprehensive income, consolidated statements of financial position, consolidated statements of changes in equity and the consolidated statements of cash flows at that date.

FINANCIAL REVIEW

- No revenue was generated during the year as result of all operations on care and maintenance (FY2015 \$nil).
- Non-cash charges of \$12.8 million (FY2015: \$7.5 million) including:
- Depreciation and amortisation of \$1.2 million (FY2015: \$1.4 million);
- Unrealised foreign exchange loss of \$9.5 million (FY2015: \$18.9 million gain) as a result of the South African rand weakening against the United States dollar; and
- Share based payment expense of \$0.2 million (FY2015: \$3.1 million).
- Total unrestricted cash balances at year-end, including cash held by operations available for sale of \$19.5 million (FY2015: \$17.8 million).

FUTURE DEVELOPMENTS

The NOMR for the Makhado Project was granted in May 2015 as well as a section 11 approval for the transfer of the right to CoAL's 74% owned subsidiary, Baobab Mining. The Company was granted the IWUL in January 2016 for the period equal to life of mine. The Company completed a definitive feasibility study for Makhado during FY2013 which indicates that the project has 344.8 million mineable tonnes in situ and a 16 year life of mine. The opencast project is expected to produce 12.6Mtpa of ROM coal yielding 2.3Mtpa of hard coking coal and 3.2Mtpa of thermal coal for domestic and export markets. The Makhado project finalised the FEED during the current financial year and is currently engaged with investors to complete the funding for the project. Once funding is in place and regulatory approvals have been obtained the company expects board approval to commence construction by the second half of CY2017.

The Company will continue to progress all outstanding regulatory matters as they relate to both the Makhado project and the Vele Colliery. With respect to the Vele Colliery the extension and amendment of the Vele IWUL was granted during the year under review. Given the prevailing commodity market conditions the company applied for all approvals to cover future mining areas which includes the diversion of two non-perennial streams. When the latest approval is finalised (expected toward the end of CY2016) the company will make the decision on the commencement of the plant modification taking into account the prevailing market conditions.

The exploration and development of the CoAL prospects in the Soutpansberg coalfield is the catalyst for the long-term growth of the Company. The DMR is considering the Company's NOMR applications for the Mopane, Generaal, Chapudi and Telema & Gray Projects.

ENVIRONMENTAL REGULATIONS

The Consolidated Entity's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation and there has consequently been no breach. The Group is subject to numerous environmental regulations in South Africa, including the

- Environment Conservation Act (No. 73 of 1989);
- National Water Act (No. 45 of 1965);
- National Environmental Management Act (No. 107 of 1998);
- National Environmental Management Air Quality Act (No. 39 of 2004); and
- The environmental provisions in the Mineral and Petroleum Resources Development Act (No 28 of 2002).

There is uncertainty regarding the interrelationship between these statutes in the mining context and as such complete compliance with all simultaneously is often difficult. The Board believes that the Consolidated Entity has adequate systems in place for the management of its environmental impacts but from time to time statutory non-compliances may occur. The Board takes these seriously and undertook a thorough review of all its activities during FY2013 to bring them into compliance and continues to monitor compliance thereof.

DIVIDENDS

No dividend has been paid or proposed for the financial year ended 30 June 2016 (FY2015: nil).

Directors report continued for the year ended 30 June 2016

SHARES UNDER OPTION OR ISSUED ON EXERCISE OF OPTIONS

Details of unissued shares under option as at the date of this report are:

	Number of shares under option	Class of shares	Exercise price	Expiry date
ESOP Unlisted Options	2,670,000	Ordinary	ZAR7.60	14 February 2017
ESOP Unlisted Options	3,932,928	Ordinary	ZAR1.75	30 June 2017
Investec options	20,000,000	Ordinary	ZAR1.32	21 October 2018
ESOP Unlisted Options	3,525,000	Ordinary	ZAR1.20	1 February 2019
ESOP Unlisted Options	3,525,000	Ordinary	ZAR1.32	1 February 2019
ESOP Unlisted Options	3,525,000	Ordinary	ZAR1.45	1 February 2019
ESOP Unlisted Options	5,000,000	Ordinary	GBP0.055	27 November 2018
Total Unlisted Options	42,177,928			

The holders of these options do not have the right, by virtue of the option, to participate in any share issue of the Company or of any other body corporate or registered scheme.

Details of unissued performance grants as at the date of this report are:

	Number of shares under option	Class of shares	Exercise price	Expiry date
ESOP Performance Grant	9,714,021	Ordinary	Nil	1 December 2018
ESOP Performance Grant	5,449,944	Ordinary	Nil	1 December 2018
ESOP Performance Grant	18,285,159	Ordinary	Nil	1 December 2018
Total Performance Grant	33,449,124			

ESOP Employee Share Option Plan

No shares or interests were issued during or since the end of the financial year as a result of exercise of options.

INDEMNIFICATION OF OFFICERS AND AUDITORS

During the financial year, the Company paid a premium in respect of a contract insuring the Directors of the Company, the Company Secretary, and all executive officers of the Company and of any related body corporate against a liability incurred by such a director, secretary or executive officer to the extent permitted by the Corporations Act 2001.

The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred by such an officer or auditor.

DIRECTORS' MEETINGS

The following table sets out the number of Directors meetings (including meetings of committees of Directors) held during the financial year and the number of meetings attended by each director (while they were a director or committee member). During the financial year, a total of nine board meetings were held, four scheduled and five unscheduled, zero placing and bid committee meetings, four nomination and remuneration committee meeting, four audit committee meetings and four safety and health committee meeting were held.

Director	Board Meetings		Audit Committee Meetings		Nomination and Remuneration Committee Meetings		Safety, Health and Environment Committee Meetings	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
B Pryor	9	9	4	4	4	4	–	–
D Brown	9	9	–	–	4	4	4	4
D Schutte	9	9	–	–	–	–	–	–
P Cordin	9	9	–	–	–	–	4	4
K Mosehla	9	6	4	2	–	–	–	–
R Torlage	9	8	–	–	–	–	–	–
A Mifflin	9	9	–	–	–	–	4	4
T Mosololi	9	7	4	4	4	4	–	–

PROCEEDINGS ON BEHALF OF THE COMPANY

No persons applied for leave to bring or intervene in proceedings on behalf of the Company during or since the end of the financial year.

NON-AUDIT SERVICES

Non-audit services were provided during the current financial year for services rendered relating to the offer for Universal and additional review procedures. Details of amounts paid or payable to the auditor for services provided during the year by the auditor are outlined in note 8 to the consolidated financial statements.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is included on page 73 of these consolidated financial statements.

REMUNERATION REPORT (AUDITED)

This remuneration report, which forms part of the Directors report, sets out information about the remuneration of Coal of Africa Limited's Directors and its senior management for the financial year ended 30 June 2016. The prescribed details for each person covered by this report are detailed below under the following headings:

- Director and senior management details;
- Remuneration policy;
- Relationship between the remuneration policy and company performance;
- Remuneration of Directors and senior management; and
- Key terms of employment contracts.

The Board is responsible for establishing remuneration packages applicable to the Board members of the Company. The policy adopted by the Board is to ensure that remuneration properly reflects an individual's duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating people of the highest calibre.

Directors' remuneration packages are also assessed in the light of the condition of markets within which the Company operates, the Company's financial condition and the individual's contribution to the achievement of corporate objectives. Executive Directors are remunerated by way of a salary or consultancy fees, commensurate with their required level of service.

Total remuneration for all Non-executive Directors, excluding share-based payments, as approved by shareholders at the November 2010 General Meeting, is not to exceed A\$1,000,000 per annum (\$744,090).

The Board has nominated a Nomination and Remuneration Committee which was made up as follows: Mr Pryor (Chairman), Mr Mosololi and Mr Brown. The Company does not have any scheme relating to retirement benefits for Executive or Non-executive Directors.

Directors report *continued* for the year ended 30 June 2016

DIRECTOR AND KEY MANAGEMENT PERSONNEL DETAILS

The following persons acted as Directors of the Company during or since the end of the financial year:

- B Pryor Independent Chairman
- D Brown Chief Executive Officer and Executive Director
- D Schutte Chief Financial Officer and Executive Director
- P Cordin Independent Non-executive Director
- K Mosehla Independent Non-executive Director
- R Torlage Non-executive Director
- A Mifflin Independent Non-executive Director
- T Mosololi Independent Non-executive Director

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity. The term 'key management' is used in this remuneration report to refer to the following persons.

- C Bronn Chief Operating Officer

Except as noted, the named persons held their current position for the whole of the financial year and since the end of the financial year.

REMUNERATION POLICY

The remuneration policy of CoAL has been designed to align key management personnel objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the consolidated Group's financial results. The Board of CoAL believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best key management personnel to run and manage the consolidated Group, as well as create goal congruence between Directors, key management and shareholders.

The Board's policy for determining the nature and amount of remuneration for key management personnel of the consolidated Group is as follows:

- The remuneration structure is developed by the Nomination and Remuneration Committee and approved by the Board after professional advice is periodically sought from independent external consultants.
- All key management personnel receive a base salary (based on factors such as length of service and experience), options and performance incentives.
- Incentives paid in the form of cash and options are intended to align the interests of the Directors, key management and the Company with those of the shareholders.

The Nomination and Remuneration Committee reviews key management personnel packages annually by reference to the consolidated Group's performance, executive performance and comparable information from industry sectors.

The performance of key management personnel is measured against criteria agreed annually with each executive and bonuses and incentives are linked to predetermined performance criteria. The performance criteria vary and are determined in line with each individual's performance contract. The Board may, however, exercise its discretion in relation to approving incentives, bonuses and options, and can recommend changes to the Nomination and Remuneration Committee's recommendations. Any changes must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre of executives and reward them for performance results leading to long-term growth in shareholder wealth.

All remuneration paid to key management personnel is valued at the cost to the Company and expensed.

The Board's policy is to remunerate Non-executive Directors at market rates for time, commitment and responsibilities. The Nomination and Remuneration Committee determines payments to the Non-executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. The maximum aggregate amount of fees, excluding share-based payments that can be paid to Non-executive Directors is A\$1,000,000 (\$744,090).

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 from the Chairman for incurring such expense, the Company will pay the reasonable expenses associated with obtaining such advice.

Options granted under the arrangement do not carry dividend or voting rights. Options are valued using a binomial option pricing model and the Black-Scholes option pricing model was used to validate the price calculated.

During the current financial year the Nomination and Remuneration Committee approved and implemented a performance rights plan. The purpose of the Plan is to assist in the reward, retention and motivation of eligible employee and to align the interest of eligible employee with the shareholders of the Company. Prior to a Performance Right being exercised the performance grants do not carry any dividend or voting rights. The Performance Rights will be granted for no consideration and no exercise price is payable upon exercise of the Performance Rights.

All the Performance Rights proposed to be granted are subject to the following vesting conditions.

Vesting of the Performance Rights will be subject to a hurdle based on the compound annual growth rate in total shareholder return (TSR) across the 3 years commencing on the grant date of the Performance Rights (Performance Period). TSR is a measure of the increase in the price as determined by the Company. The base price for the TSR calculation will be the volume weighted average price (VWAP) of shares over the five days prior to the grant date. The end price for the TSR calculation will be the VWAP over the last five days of the Performance Period.

PERFORMANCE – BASED REMUNERATION

The key performance indicators (KPIs) are set annually, which includes consultation with key management personnel to ensure buy-in. The measures are specifically tailored to the area each individual is involved in and has a level of control over. The KPIs target areas the Board believes hold greater potential for group expansion and profit, covering financial and non-financial as well as short and long-term goals.

Performance in relation to the KPIs is assessed annually, with bonuses being awarded depending on the number and deemed difficulty of the KPIs achieved.

HEDGING OF MANAGEMENT REMUNERATION

No member of key management entered into an arrangement during or since the end of the financial year to limit the risk relating to any element of that person's remuneration.

RELATIONSHIP BETWEEN REMUNERATION POLICY AND COMPANY PERFORMANCE

The tables below set out summary information about the Group's earnings and movements in shareholder wealth for the five years to June 2016.

	Year ended 30 June 2016	Year ended 30 June 2015	Year ended 30 June 2014	Year ended 30 June 2013	Year ended 30 June 2012
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue	–	–	4,060	146,396	243,842
Net loss before tax	23,903	6,711	84,120	155,754	150,551
Net loss after tax	22,472	6,711	84,120	148,137	138,908

	Year ended 30 June 2016	Year ended 30 June 2015	Year ended 30 June 2014	Year ended 30 June 2013	Year ended 30 June 2012
Share price at start of year	A\$0.09	A\$0.07	A\$0.19	A\$0.56	A\$1.08
Share price at end of year	A\$0.06	A\$0.09	A\$0.07	A\$0.19	A\$0.56
Basic and diluted loss per share (\$ cents)	1.24	0.47	8.02	17.00	23.00

Directors report continued for the year ended 30 June 2016

REMUNERATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

Details of the nature and amount of each major element of the remuneration of each director and senior management personnel for the year are:

	Short term employee benefits		Post-employment benefits		Share-based payments		Total	Share based % of total
	Salary and fees	Bonus	Non-monetary benefits	Super-annuation	Termination benefits	Options/shares		
2016	\$	\$	\$	\$	\$	\$	\$	%
Non-executive Directors								
B Pryor	56,608	–	–	–	–	17,478	74,086	24
P Cordin	47,070	–	–	4,472	–	17,478	69,020	25
K Mosehla	46,240	–	–	–	–	17,478	63,718	27
R Torlage	46,240	–	–	–	–	–	46,240	–
A Mifflin	47,070	–	–	4,472	–	17,478	69,020	25
T Mosololi	46,240	–	–	–	–	17,478	63,718	27
Executive Directors								
D Brown	405,424	31,782	–	–	–	78,876	516,082	15
D Schutte	251,964	–	–	–	–	25,053	277,017	9
	946,856	31,782	–	8,944	–	191,319	1,178,901	
C Bronn	227,227	17,335	–	–	–	17,437	261,999	7
	1,174,083	49,117	–	8,944	–	208,756	1,440,900	

No director or key management appointed during the period received a payment as part of his consideration for agreeing to hold the position.

In September 2015, performance bonuses were paid out in relation to certain performance targets met for the 2015 financial year.

	Short term employee benefits		Post-employment benefits		Share-based payments		Total	Share based % of total
	Salary and fees	Bonus	Non-monetary benefits	Super-annuation	Termination benefits	Options/shares		
2015	\$	\$	\$	\$	\$	\$	\$	%
Non-executive Directors								
B Pryor	62,940	–	–	–	–	–	62,940	–
P Cordin	37,226	–	–	4,785	–	–	42,011	–
K Mosehla	50,688	–	–	–	–	–	50,688	–
R Torlage	50,688	–	–	–	–	–	50,688	–
A Mifflin ⁽¹⁾	19,582	–	–	2,690	–	–	22,272	–
T Mosololi ⁽¹⁾	26,791	–	–	–	–	–	26,791	–
D Murray ⁽²⁾	17,738	–	–	2,077	–	–	19,815	–
Executive Directors								
D Brown	481,250	–	–	–	–	131,485	612,735	32
D Schutte ⁽³⁾	8,497	–	–	–	–	–	8,497	–
M Meeser ⁽⁴⁾	249,139	–	–	–	–	–	249,139	–
	1,004,539	–	–	9,552	–	131,485	1,145,576	18
C Bronn	262,500	21,875	–	–	–	–	284,375	–
	1,267,039	21,875	–	9,552	–	131,485	1,429,951	15

1. Mr Mifflin and Mr Mosololi were appointed as Independent Non-executive Directors on 12 December 2014.

2. Mr Murray resigned as Senior Independent Non-executive Director on 12 December 2014.

3. Mr Schutte was appointed as Chief Financial Officer and Executive Director on 22 June 2015.

4. Mr Meeser resigned as Chief Financial Officer and Executive Director on 30 April 2015.

SHARE-BASED PAYMENTS GRANTED AS COMPENSATION FOR THE CURRENT FINANCIAL YEAR

During the financial year, the following share-based payment arrangements were in existence:

Option series	Number	Grant date	Expiry date	Exercise price	Grant date value	Vesting date
Class C unlisted options	2,500,000	09/11/2010	09/11/2015	A\$1.20	A\$0.59	(1)
ESOP unlisted options	1,441,061	04/02/2011	30/09/2015	A\$1.40	A\$0.91	(2)
ESOP unlisted options	2,670,000	16/09/2011	14/02/2017	ZAR7.60	ZAR3.46	(3)
Class L unlisted options	3,500,000	28/11/2012	30/11/2015	GBP0.25	GBP0.032	(4)
ESOP unlisted options	3,932,928	22/11/2013	30/06/2017	ZAR1.75	ZAR0.52	(5)
ESOP unlisted options	1,375,000	22/11/2013	30/11/2015	ZAR2.00	ZAR0.56	(6)
ESOP unlisted options	3,525,000	28/11/2014	01/02/2019	ZAR1.20	ZAR0.15	(7)
ESOP unlisted options	3,525,000	28/11/2014	01/02/2019	ZAR1.32	ZAR0.14	(7)
ESOP unlisted options	3,525,000	28/11/2014	01/02/2019	ZAR1.45	ZAR0.12	(7)
ESOP unlisted options	5,000,000	27/11/2015	27/11/2018	GBP0.055	AUD0.024	(8)
	30,993,989					

1. Mr Murray was issued a total of 2,500,000 options with an expiry date five years from the issue date, 1,000,000 vested 12 months after the date of issue, 750,000 vested 24 months after the date of issue and the remaining 750,000 vested 36 months from the date of issue. These options expired during the current financial year.
2. These options were issued to employees and vest in three equal tranches on 30 September 2011, 30 September 2012 and the remaining third on 30 September 2013. These options expired during the current financial year.
3. These options were issued to employees and one third vested on 1 July 2012, one third on 1 July 2013 and the remaining third on 1 July 2014.
4. These options all vested on 28 November 2012 and all option expired during the current financial year.
5. These options were issued to employees and two thirds vested immediately on granting and one third vesting on 1 July 2014.
6. Mr Meeser (resigned 30 April 2015) was issued a total of 4,125,000 options vesting in three equal tranches on 1 June 2014, 1 June 2015 and 1 June 2016. 2,750,000 of these options had not vested and were cancelled on Mr Meeser's resignation. The remainder of his share options expired during the current financial year.
7. A total of 10,575,000 options were granted to Mr Brown on his appointment as Chief Executive Officer and vest in three equal tranches on 1 February 2015, 1 February 2016 and 1 February 2017.
8. A total of 5,000,000 options were granted to non-executive Directors Mr Cordin, Mr Mosehla, Mr Pryor, Mr Miffiin and Mr Mosololi vesting immediately on grant date.

The following grants of share-based payment compensation to key management personnel relate to the current financial year:

During the financial year						
Name	Option series	Number granted	Number vested	% of grant vested	% of grant forfeited	% of compensation for the year consisting of options
D Brown	ESOP unlisted options	10,575,000	3,525,000	33	n/a	21
D Brown	Performance Grant	9,714,021	–	–	n/a	21
D Schutte	Performance Grant	5,449,944	–	–	n/a	16
C Bronn	Performance Grant	3,793,298	–	–	n/a	7

During the year, none of the key management personnel exercised options that were granted to them as part of their compensation.

Directors report **continued** for the year ended 30 June 2016

KEY TERMS OF EMPLOYMENT CONTRACTS

The Company entered into formal contractual employment agreements with the Chief Executive Officer and the Chief Financial Officer only and not with any other member of the Board. The employment conditions of the Chief Executive Officer and Chief Financial Officer are:

Current

1. Mr Brown's appointment as Chief Executive Officer commenced on 1 February 2014 with an annual remuneration of ZAR5.5 million and a three month notice period and received 10,575,000 options in accordance with the Company's employee share option plan. The options are exercisable in three equal tranches over three years at ZAR1.20, ZAR1.32 and ZAR1.40 vesting on 1 February 2015, 1 February 2016 and 1 February 2017 respectively.
2. Mr Schutte serves as Financial Director with an annual remuneration of ZAR3.6 million and a three month notice period. On appointment as Chief Financial Officer and Executive Director Mr Schutte received 6,600,000 options in accordance with the Company's employee share option plan. The options vest in three equal tranches over a three-year period and are subject to shareholder approval. The first tranche of 2,200,000 options are exercisable on 21 June 2016 at ZAR1.20 each, a further 2,200,000 options are exercisable on 21 June 2017 at ZAR1.32 per option and the remaining 2,200,000 options are exercisable on 21 June 2018 at an exercise price of ZAR1.45 each. These share options are still subject to shareholder approval.

The employment conditions of the following specified executives have been formalised in employment contracts:

1. Mr Bronn is employed by CoAL in the capacity of Chief Operations Officer, at an annual remuneration of ZAR3.0 million. This permanent employment contract may be terminated by written notice of two months.

KEY MANAGEMENT PERSONNEL EQUITY HOLDINGS

Option holdings

The movement during the reporting period in the number of options over ordinary shares exercisable at A\$1.20 on or before 9 November 2015 held directly, indirectly or beneficially by each director and key management personnel including their personally-related entities, is as follows:

	Held at 1 July 2015	Granted as remuneration	Exercised	Expired/other changes	Held at 30 June 2016
Non-executive Directors					
B Pryor	–	–	–	–	–
D Murray ⁽¹⁾	2,500,000	–	–	(2,500,000)	–
P Cordin	–	–	–	–	–
K Mosehla	–	–	–	–	–
R Torlage	–	–	–	–	–
A Mifflin	–	–	–	–	–
T Mosololi	–	–	–	–	–
Executive Directors					
D Brown	–	–	–	–	–
D Schutte	–	–	–	–	–
Key management					
	–	–	–	–	–

(1) Resigned 12 December 2014

The movement during the reporting period in the number of options over ordinary shares exercisable at A\$1.40 or ZAR9.50 on or before 30 September 2015 held directly, indirectly or beneficially by each director and key management personnel including their personally-related entities, is as follows:

	Held at 1 July 2015	Granted as remuneration	Exercised	Expired/other changes	Held at 30 June 2016
Non-executive Directors					
B Pryor	–	–	–	–	–
P Cordin	–	–	–	–	–
K Mosehla	–	–	–	–	–
R Torlage	–	–	–	–	–
A Mifflin	–	–	–	–	–
T Mosololi	–	–	–	–	–
Executive Directors					
D Brown	–	–	–	–	–
D Schutte	–	–	–	–	–
M Meeser	–	–	–	–	–
Key management					
C Bronn	135,000	–	–	(135,000)	–

The movement during the reporting period in the number of options over ordinary shares exercisable at GBP0.25 on or before 30 November 2015 held directly, indirectly or beneficially by each director and key management personnel including their personally-related entities, is as follows:

	Held at 1 July 2015	Granted as remuneration	Exercised	Expired/other changes	Held at 30 June 2016
Non-executive Directors					
B Pryor	1,000,000	–	–	(1,000,000)	–
P Cordin	–	–	–	–	–
K Mosehla	–	–	–	–	–
R Torlage	–	–	–	–	–
A Mifflin	–	–	–	–	–
T Mosololi	–	–	–	–	–
Executive Directors					
D Brown	2,500,000	–	–	(2,500,000)	–
D Schutte	–	–	–	–	–
M Meeser	–	–	–	–	–
Key management					
	–	–	–	–	–

Directors report *continued* for the year ended 30 June 2016

The movement during the reporting period in the number of options over ordinary shares exercisable at ZAR1.75 on or before 30 June 2017 held directly, indirectly or beneficially by each director and key management personnel including their personally-related entities, is as follows:

	Held at 1 July 2015	Granted as remuneration	Exercised	Expired/other changes	Held at 30 June 2016
Non-executive Directors					
B Pryor	–	–	–	–	–
P Cordin	–	–	–	–	–
K Mosehla	–	–	–	–	–
R Torlage	–	–	–	–	–
A Mifflin	–	–	–	–	–
T Mosololi	–	–	–	–	–
Executive Directors					
D Brown	–	–	–	–	–
D Schutte	–	–	–	–	–
Key management					
C Bronn	174,696	–	–	–	174,696

The movement during the reporting period in the number of options over ordinary shares exercisable at ZAR2.00 on or before 1 June 2018 held directly, indirectly or beneficially by each director and key management personnel including their personally-related entities, is as follows:

	Held at 1 July 2015	Granted as remuneration	Exercised	Expired/other changes	Held at 30 June 2016
Non-executive Directors					
B Pryor	–	–	–	–	–
P Cordin	–	–	–	–	–
K Mosehla	–	–	–	–	–
R Torlage	–	–	–	–	–
A Mifflin	–	–	–	–	–
T Mosololi	–	–	–	–	–
Executive Directors					
D Brown	–	–	–	–	–
D Schutte	–	–	–	–	–
M Meeser ⁽¹⁾	1,375,000	–	–	(1,375,000)	–
Key management					
	–	–	–	–	–

(1) Resigned 30 April 2015

The movement during the reporting period in the number of options over ordinary shares exercisable in three equal tranches at ZAR1.20 on or before 1 February 2015, ZAR1.32 on or before 1 February 2016 and ZAR1.45 on or before 1 February 2017 held directly, indirectly or beneficially by each director and key management personnel including their personally-related entities, is as follows:

	Held at 1 July 2015	Granted as remuneration	Exercised	Expired/other changes	Held at 30 June 2016
Non-executive Directors					
B Pryor	–	–	–	–	–
P Cordin	–	–	–	–	–
K Mosehla	–	–	–	–	–
R Torlage	–	–	–	–	–
A Mifflin	–	–	–	–	–
T Mosololi	–	–	–	–	–
Executive Directors					
D Brown	10,575,000	–	–	–	10,575,000
D Schutte	–	–	–	–	–
Key management	–	–	–	–	–

KEY MANAGEMENT PERSONNEL EQUITY HOLDINGS

The movement during the reporting period in the number of options over ordinary shares at GBP 0.055, vesting immediately held directly, indirectly or beneficially by each director and key management personnel including their personally-related entities, is as follows:

	Held at 1 July 2015	Granted as remuneration	Exercised	Expired/other changes	Held at 30 June 2016
Non-executive Directors					
B Pryor	–	1,000,000	–	–	1,000,000
P Cordin	–	1,000,000	–	–	1,000,000
K Mosehla	–	1,000,000	–	–	1,000,000
R Torlage	–	–	–	–	–
A Mifflin	–	1,000,000	–	–	1,000,000
T Mosololi	–	1,000,000	–	–	1,000,000
Executive Directors					
D Brown	–	–	–	–	–
D Schutte	–	–	–	–	–
Key management	–	–	–	–	–

Directors report *continued* for the year ended 30 June 2016

KEY MANAGEMENT PERSONNEL EQUITY HOLDINGS

The movement during the reporting period in the number of performance grants over ordinary shares exercisable in three years' time subject to performance criteria, held directly, indirectly or beneficially by each director and key management personnel including their personally-related entities, is as follows:

	Held at 1 July 2015	Granted as remuneration	Exercised	Expired/other changes	Held at 30 June 2016
Non-executive Directors					
B Pryor	–	–	–	–	–
P Cordin	–	–	–	–	–
K Mosehla	–	–	–	–	–
R Torlage	–	–	–	–	–
A Mifflin	–	–	–	–	–
T Mosololi	–	–	–	–	–
Executive Directors					
D Brown	–	9,714,021	–	–	9,714,021
D Schutte	–	5,449,944	–	–	5,449,944
Key management	–	3,793,298	–	–	3,793,298

EQUITY HOLDINGS AND TRANSACTIONS OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

The movement during the reporting period in the number of ordinary shares held, directly, indirectly or beneficially by each key management personnel including their personally-related entities, is as follows:

	Held at 1 July 2015	Granted as remuneration	Exercised	Expired/other changes	Held at 30 June 2016
Non-executive Directors					
B Pryor	150,000	–	–	–	150,000
P Cordin	1,371,059	–	–	–	1,371,059
K Mosehla	–	–	–	–	–
R Torlage	–	–	–	–	–
A Mifflin	–	–	–	–	–
T Mosololi ⁽¹⁾	10,000	–	–	–	10,000
Executive Directors					
D Brown	825,000	–	–	–	825,000
D Schutte	–	–	–	–	–
Key management	–	–	–	–	–

⁽¹⁾ Purchased prior to being appointed as a Non-executive Director.

This Directors' report is signed in accordance with a resolution of Directors made pursuant to s298(2) of the Corporations Act 2001.

On behalf of the Directors



Bernard Robert Pryor
Chairman
30 September 2016



David Hugh Brown
Chief Executive Officer
30 September 2016

Auditor's independence **declaration**



Deloitte Touche Tohmatsu
ABN 74 490 121 060

Brookfield Place
Tower 2
123 St Georges Terrace
Perth WA 6000
GPO Box A46
Perth WA 6837 Australia

Tel: +61 8 9365 7000
Fax: +61 8 9365 7001
www.deloitte.com.au

The Board of Directors
Coal of Africa Limited
Suite 8, 7 The Esplanade
Mount Pleasant WA 6153

30 September 2016

Dear Board Members

AUDITOR'S INDEPENDENCE DECLARATION TO COAL OF AFRICA LIMITED

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the Directors of Coal of Africa Limited.

As lead audit partner for the audit of the financial statements of Coal of Africa Limited for the financial year ended 30 June 2016, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

DELOITTE TOUCHE TOHMATSU

David Newman
Partner
Chartered Accountants

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Touche Tohmatsu Limited

Directors' declaration

for the year ended 30 June 2016

The Directors declare that:

- a) in the Directors opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
- b) in the Directors opinion, the attached financial statements are in compliance with International Financial Reporting Standards, as stated in note 1.1 to the financial statements;
- c) in the Directors opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Consolidated Entity; and
- d) the Directors have been given the declarations required by s.295A of the Corporations Act 2001.

Signed in accordance with a resolution of the Directors made pursuant to s.295(5) of the Corporations Act 2001.

On behalf of the Directors



Bernard Pryor
Chairman
30 September 2016



David Brown
Chief Executive Officer
30 September 2016