



ABN 98 008 905 388

# NOTICE OF ANNUAL GENERAL MEETING AND EXPLANATORY STATEMENT

**Date of Meeting**

27 November 2015

**Time of Meeting**

10 a.m. (London time)

**Place of Meeting**

Tavistock Communications

8<sup>th</sup> Floor

131 Finsbury Pavement

London EC2A 1NT

**A proxy form is enclosed**

Please read this Notice and Explanatory Statement carefully.

If you are unable to attend the Meeting please complete and return the enclosed proxy form in accordance with the specified directions.

# Coal of Africa Limited

ABN 98 008 905 388

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the annual general meeting (“**Meeting**”) of the shareholders of Coal of Africa Limited ABN 98 008 905 388 (the “**Company**”) will be held at 10 a.m. (London time) on 27 November 2015 at Tavistock Communications, 8<sup>th</sup> Floor, 131 Finsbury Pavement, London EC2A 1NT for the purpose of transacting the following business referred to in this notice of meeting (“**Notice**”).

The Explanatory Statement that accompanies and forms part of this Notice (“**Explanatory Statement**”) describes the matters to be considered at the Meeting.

Capitalised terms used in this Notice are defined in the glossary at the end of the Explanatory Statement.

### AGENDA ITEMS OF BUSINESS

---

#### Annual financial report

To receive and consider the annual financial report of the Company for the year ended 30 June 2015, and the reports of the Directors and the auditor.

#### Resolution 1: Non-binding resolution to adopt Remuneration Report

To consider and, if thought fit, to pass the following resolution as an advisory only resolution:

*“To adopt the Remuneration Report for the year ended 30 June 2015.”*

**Note:** The vote on this resolution is advisory only and does not bind the Directors or the Company. Shareholders are encouraged to read the Explanatory Statement for further details on the consequences of voting on this Resolution.

#### VOTING EXCLUSION STATEMENT

The Company will disregard any votes cast on Resolution 1 by or on behalf of:

- a member of the Company’s Key Management Personnel details of whose remuneration are included in the Remuneration Report; and
- a Closely Related Party of such a member of the Company’s Key Management Personnel.

However, the Company need not disregard a vote cast by such a person if the vote is cast:

- as proxy for a person entitled to vote on Resolution 1, in accordance with the directions on the proxy form; or
- by the Chairman, as proxy for a person entitled to vote on Resolution 1, in accordance with an express authorisation to vote on Resolution 1 as the Chairman sees fit.

#### Resolution 2: Re-election of Director – David Brown

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

*“That Mr David Brown, a Director who retires by rotation in accordance with clause 3.6 of the Constitution and, being eligible, offers himself for re-election, be re-elected as a Director.”*

#### Resolution 3: Re-election of Director – Rudolph Torlage

*“That Mr Rudolph Torlage, a Director who retires by rotation in accordance with clause 3.6 of the Constitution and, being eligible, offers himself for re-election, be re-elected as a Director.”*

#### Resolution 4: Election of Director – De Wet Schutte

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

*“That Mr De Wet Schutte, having been appointed by the Board as an additional Director on 22 June 2015, who retires in accordance with clause 3.3 of the Constitution and, being eligible, offers himself for election, be elected as a Director.”*

#### Resolution 5: Election of Director – Thabo Mosololi

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

*“That Mr Thabo Mosololi, having been appointed by the Board as an additional Director on 12 December 2014, who retires in accordance with clause 3.3 of the Constitution and, being eligible, offers himself for election, be elected as a Director.”*

**Resolution 6: Election of Director – Andrew Mifflin**

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

*“That Mr Andrew Mifflin, having been appointed by the Board as an additional Director on 12 December 2014, who retires in accordance with clause 3.3 of the Constitution and, being eligible, offers himself for election, be elected as a Director.”*

**Resolution 7: Ratification of Shares issued in preceding 12 month period**

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

*“That, for the purposes of Listing Rule 7.4 and for all other purposes, the issue of 144,000,000 Shares during the preceding 12 month period on the terms and to the parties set out in the Notice of Meeting and Explanatory Statement is approved.”*

**VOTING EXCLUSION STATEMENT**

The Company will disregard any votes cast on Resolution 7 by:

- Haohua Energy International (Hong Kong) Resources Co Limited and any of its associates; and
- M & G Investment Management Limited and any of its associates; and
- TMM Holdings (Proprietary) Limited and any of its associates.

However, the Company need not disregard a vote cast by such a person if the vote is cast:

- as proxy for a person entitled to vote on Resolution 7, in accordance with the directions on the proxy form; or
- by the Chairman, as proxy for a person entitled to vote on Resolution 7, in accordance with the directions on the proxy form.

**Resolution 8: Ratification of Shares issued in preceding 12 month period**

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

*“That, for the purposes of Listing Rule 7.4 and for all other purposes, the issue of 201,454 Shares during the preceding 12 month period on the terms and to the parties set out in the Notice of Meeting and Explanatory Statement is approved.”*

**VOTING EXCLUSION STATEMENT**

The Company will disregard any votes cast on Resolution 8 by:

- Basane Investment Holdings Proprietary Limited and any of its associates; and
- Ndilo Mineral Resources Proprietary Limited and any of its associates.

However, the Company need not disregard a vote cast by such a person if the vote is cast:

- as proxy for a person entitled to vote on Resolution 8, in accordance with the directions on the proxy form; or
- by the Chairman, as proxy for a person entitled to vote on Resolution 8, in accordance with the directions on the proxy form.

**Resolution 9: Ratification of Shares issued in preceding 12 month period**

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

*“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, the issue of 200,000 Shares during the preceding 12 month period on the terms and to the parties set out in the Notice of Meeting and Explanatory Statement is approved.”*

**VOTING EXCLUSION STATEMENT**

The Company will disregard any votes cast on Resolution 9 by:

- Nico Pretorius and any of his associates;
- Adriaan van der Merwe and any of his associates; and
- Colin Gordon and any of his associates.

However, the Company need not disregard a vote cast by such a person if the vote is cast:

- as proxy for a person entitled to vote on Resolution 9, in accordance with the directions on the proxy form; or
- by the Chairman, as proxy for a person entitled to vote on Resolution 9, in accordance with the directions on the proxy form.

**Resolution 10: Ratification of Options issued in preceding 12 month period**

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

*“That, for the purposes of Listing Rule 7.4 and for all other purposes, the issue of 40,000,000 unlisted Options exercisable at ZAR 0.30 each on or before 1 June 2016 during the preceding 12 month period on the terms and to the parties set out in the Notice of Meeting and Explanatory Statement is approved.”*

**VOTING EXCLUSION STATEMENT**

The Company will disregard any votes cast on Resolution 10 by TMM Holdings (Proprietary) Limited and any of its associates.

However, the Company need not disregard a vote cast by such a person if the vote is cast:

- as proxy for a person entitled to vote on Resolution 10, in accordance with the directions on the proxy form; or
- by the Chairman, as proxy for a person entitled to vote on Resolution 10, in accordance with the directions on the proxy form.

**Resolution 11: Approval of Performance Rights Plan**

To consider and, if thought fit, pass the following as an ordinary resolution:

*“That the Company’s Performance Rights Plan, the terms of which are summarised in the Explanatory Statement accompanying this Notice of Annual General Meeting, be approved for the issue of securities under that Plan, for the purposes of Listing Rule 7.2 (Exception 9(b)) and for all other purposes.”*

**VOTING EXCLUSION STATEMENT FOR RESOLUTION 11**

The Company will disregard any votes cast on Resolution 11 by any Director, except one who is ineligible to participate in the Company’s Performance Rights Plan (and any associate of such a Director).

However, the Company need not disregard a vote cast by such a person if the vote is cast:

- as proxy for a person entitled to vote on Resolution 11 in accordance with the directions on the proxy form; or
- by the Chairman, as proxy for a person entitled to vote on Resolution 11, in accordance with the directions on the proxy form.

The Company will also disregard any votes cast on Resolution 11 by a member of the Key Management Personnel of the Company or their Closely Related Parties, acting as proxy for another person, where the proxy form does not specify how the proxy is to vote, with the exception that votes cast by the Chairman as proxy appointed in writing where the appointment expressly authorises the Chairman to exercise the proxy even though the respective Resolution is connected with the remuneration of a member of the Key Management Personnel of the Company, will not be excluded.

**Resolution 12: Grant of Performance Rights to Director – David Brown**

To consider and, if thought fit, pass the following as an ordinary resolution:

*“That for the purposes of Listing Rule 10.14 and for all other purposes, approval is given for the Company to grant Performance Rights to Executive Director Mr David Brown and either issue or transfer ordinary shares in the Company to Mr Brown upon the vesting and exercise of those Performance Rights, in accordance with the terms of the Company’s Performance Rights Plan and on the basis described in the Explanatory Statement accompanying this Notice of Annual General Meeting.”*

See voting exclusion statement below.

**Resolution 13: Grant of Performance Rights to Director – De Wet Schutte**

To consider and, if thought fit, pass the following as an ordinary resolution:

*“That for the purposes of Listing Rule 10.14 and for all other purposes, approval is given for the Company to grant Performance Rights to Executive Director Mr De Wet Schutte, and either issue or transfer ordinary shares in the Company to Mr Schutte upon the vesting and exercise of those Performance Rights, in accordance with the terms of the Company’s Performance Rights Plan and on the basis described in the Explanatory Statement accompanying this Notice of Annual General Meeting.”*

**VOTING EXCLUSION STATEMENT FOR RESOLUTIONS 12 AND 13**

The Company will disregard any votes cast on each of Resolutions 12 and 13 by any Director who is eligible to participate in the Company’s Performance Rights Plan (and any associate of such a Director).

However, the Company need not disregard a vote cast by such a person if the vote is cast:

- as proxy for a person entitled to vote on Resolution 12 or 13 (as applicable), in accordance with the directions on the proxy form; or
- by the Chairman, as proxy for a person entitled to vote on Resolution 12 and 13 (as applicable), in accordance with the directions on the proxy form.

The Company will also disregard any votes cast on Resolutions 12 and 13 by a member of the Key Management Personnel of the Company or their Closely Related Parties, acting as proxy for another person, where the proxy form does not specify how the proxy is to vote, with the exception that votes cast by the Chairman as proxy appointed in writing where the appointment expressly authorises the Chairman to exercise the proxy even though the respective Resolution is connected with the remuneration of a member of the Key Management Personnel of the Company, will not be excluded.

**Resolution 14: Approval of Potential Termination Benefits under Performance Rights Plan**

To consider and, if thought fit, to pass, the following as an ordinary resolution:

*“That, for the purpose of Sections 200B and 200E of the Corporations Act and for all other purposes, shareholders approve the giving of benefits under the Performance Rights Plan to a person by the Company in connection with that person ceasing to hold a managerial or executive office in the Company (or any of its related bodies corporate), for the purpose and on the terms set out in the Explanatory Statement accompanying this Notice of Annual General Meeting.”*

**VOTING EXCLUSION STATEMENT**

A shareholder who is an employee or Director, or potential employee or Director, of the Company or any of its related bodies corporate, who may participate in the Performance Rights Plan, or an associate of any of those persons, should not cast any votes on Resolution 14 if they wish to preserve the benefit of the approvals being sought for that person. However, a person may cast a vote on Resolution 14 and will not lose the benefit of the approvals being sought if the person is acting as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form.

The Company will also disregard any votes cast on Resolution 14 by a member of the Key Management Personnel of the Company or their Closely Related Parties, acting as proxy for another person, where the proxy form does not specify how the proxy is to vote, with the exception that votes cast by the Chairman as proxy appointed in writing where the appointment expressly authorises the Chairman to exercise the proxy even though the respective Resolution is connected with the remuneration of a member of the Key Management Personnel of the Company, will not be excluded.

**Resolution 15: Approval to Issue Options to Non-Executive Director – Peter Cordin**

To consider and, if thought fit, to pass, the following Resolution as an ordinary resolution:

*“That for the purpose of Listing Rule 10.11, and for all other purposes, shareholders approve the issue of 1,000,000 Options exercisable at GBP 0.055 each on or before the date which is three years after the grant date to Director Mr Peter Cordin (or his nominee), for the purpose and on the terms set out in the Explanatory Statement accompanying this Notice of Annual General Meeting.”*

See voting exclusion statement below.

**Resolution 16: Approval to Issue Options to Non-Executive Director – Khomotso Mosehla**

To consider and, if thought fit, to pass, the following Resolution as an ordinary resolution:

*“That for the purpose of Listing Rule 10.11, and for all other purposes, shareholders approve the issue of 1,000,000 Options exercisable at GBP 0.055 each on or before the date which is three years after the grant date to Director Mr Khomotso Mosehla (or his nominee), for the purpose and on the terms set out in the Explanatory Statement accompanying this Notice of Annual General Meeting.”*

See voting exclusion statement below.

**Resolution 17: Approval to Issue Options to Non-Executive Director – Bernard Pryor**

To consider and, if thought fit, to pass, the following Resolution as an ordinary resolution:

*“That for the purpose of Listing Rule 10.11, and for all other purposes, shareholders approve the issue of 1,000,000 Options exercisable at GBP 0.055 each on or before the date which is three years after the grant date to Director Mr Bernard Pryor (or his nominee), for the purpose and on the terms set out in the Explanatory Statement accompanying this Notice of Annual General Meeting.”*

See voting exclusion statement below.

**Resolution 18: Approval to Issue Securities to Non-Executive Director – Andrew Mifflin**

To consider and, if thought fit, to pass, the following Resolution as an ordinary resolution:

*“That for the purpose of Listing Rule 10.11, and for all other purposes, shareholders approve the issue of 1,000,000 Options exercisable at GBP 0.055 each on or before the date which is three years after the grant date to Director Mr Andrew Mifflin (or his nominee), for the purpose and on the terms set out in the Explanatory Statement accompanying this Notice of Annual General Meeting.”*

See voting exclusion statement below.

**Resolution 19: Approval to Issue Options to Non-Executive Director - Thabo Mosololi**

To consider and, if thought fit, to pass, the following Resolution as an ordinary resolution:

*“That for the purpose of Listing Rule 10.11, and for all other purposes, shareholders approve the issue of 1,000,000 Options exercisable at GBP 0.055 each on or before the date which is three years after the grant date to Director Mr Thabo Mosololi (or his nominee), for the purpose and on the terms set out in the Explanatory Statement accompanying this Notice of Annual General Meeting.”*

**VOTING EXCLUSION STATEMENT FOR RESOLUTIONS 15 - 19**  
The Company will disregard any votes cast on Resolutions 15 - 19 by the Director the subject of the Resolution (respectively), and any of his associates.  
  
However, the Company need not disregard a vote cast by such a person if the vote is cast:

- as proxy for a person entitled to vote on Resolutions 15 - 19 (as applicable), in accordance with the directions on the proxy form; or
- by the Chairman, as proxy for a person entitled to vote on Resolutions 15 - 19 (as applicable), in accordance with the directions on the proxy form.

The Company will also disregard any votes cast on Resolutions 15 - 19 by a member of the Key Management Personnel of the Company or their Closely Related Parties, acting as proxy for another person, where the proxy form does not specify how the proxy is to vote, with the exception that votes cast by the Chairman as proxy appointed in writing where the appointment expressly authorises the Chairman to exercise the proxy even though the respective Resolution is connected with the remuneration of a member of the Key Management Personnel of the Company, will not be excluded.

---

**OTHER BUSINESS**

To deal with any other business which may be brought forward in accordance with the Constitution and the Corporations Act.

---

**By order of the Board**

**Tony Bevan**  
Company Secretary

Dated: 26 October 2015

## How to vote

Shareholders can vote by either:

- attending the Meeting and voting in person or by attorney or, in the case of corporate shareholders, by appointing a corporate representative to attend and vote; or
- appointing a proxy to attend and vote on their behalf using the proxy form accompanying this Notice and by submitting their proxy appointment and voting instructions in person, by post or by facsimile.

## Voting in person (or by attorney)

Shareholders, or their attorneys, who plan to attend the Meeting are asked to arrive at the venue 15 minutes prior to the time designated for the Meeting, if possible, so that their holding may be checked against the Company's share register and attendance recorded. Attorneys should bring with them an original or certified copy of the power of attorney under which they have been authorised to attend and vote at the Meeting.

## Voting by a corporation

A shareholder that is a corporation may appoint an individual to act as its representative and vote in person at the Meeting. The appointment must comply with the requirements of section 250D of the Corporations Act. The representative should bring to the Meeting evidence of his or her appointment, including any authority under which it is signed.

## Voting by proxy

- A shareholder entitled to attend and vote is entitled to appoint not more than two proxies. Each proxy will have the right to vote on a poll and also to speak at the Meeting.
- The appointment of the proxy may specify the proportion or the number of votes that the proxy may exercise. Where more than one proxy is appointed and the appointment does not specify the proportion or number of the shareholder's votes each proxy may exercise, the votes will be divided equally among the proxies (i.e. where there are two proxies, each proxy may exercise half of the votes).
- A proxy need not be a shareholder.
- The proxy can be either an individual or a body corporate.
- If a proxy is not directed how to vote on an item of business, the proxy may generally vote, or abstain from voting, as they think fit.
- Should any resolution, other than those specified in this Notice, be proposed at the Meeting, a proxy may vote on that resolution as they think fit.
- If a proxy is instructed to abstain from voting on an item of business, they are directed not to vote on the shareholder's behalf either on a show of hands or on the poll and the Shares that are the subject of the proxy appointment will not be counted in calculating the required majority.

- Shareholders who return their proxy forms with a direction how to vote but do not nominate the identity of their proxy will be taken to have appointed the Chairman of the Meeting as their proxy to vote on their behalf. If a proxy form is returned but the nominated proxy does not attend the Meeting, the Chairman of the Meeting will act in place of the nominated proxy and vote in accordance with any instructions. Proxy appointments in favour of the Chairman of the Meeting, the secretary or any Director that do not contain a direction how to vote will be used where possible to support each of the resolutions proposed in this Notice, provided they are entitled to cast votes as a proxy under the voting exclusion rules which apply to some of the proposed resolutions. These rules are explained in this Notice.
- If a shareholder entitled to vote on a Resolution appoints the Chairman of the Meeting as their proxy (or the Chairman becomes their proxy by default) and the shareholder does not direct the Chairman how to vote on the Resolution:
  - the Chairman intends to vote in favour of the Resolution, as proxy for that shareholder on a poll; and
  - for Resolutions 1 and 11 – 19 the shareholder will be taken to have given the Chairman express authority to vote as the shareholder's proxy on the relevant resolution even though the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company and even though the Chairman is a member of the Key Management Personnel, unless the shareholder expressly indicates to the contrary in the proxy appointment.
- To be effective, proxies must be lodged by 10 a.m. (London time) on 25 November 2015. Proxies lodged after this time will be invalid.
- Proxies may be lodged using any of the following methods:
  - by returning a completed proxy form by delivery or post to:  
Computershare Investor Services Pty Ltd  
GPO Box 242  
Melbourne Victoria 3001  
Australia
  - by faxing a completed proxy form to the facsimile number provided on the proxy form accompanying this Notice.

The proxy form must be signed by the shareholder or the shareholder's attorney. Proxies given by corporations must be executed in accordance with the Corporations Act. Where the appointment of a proxy is signed by the appointer's attorney, a certified copy of the power of attorney, or the power itself, must be received by the Company at the above address, or by facsimile, by 10 a.m. (London time) on 25 November 2015. If facsimile transmission is used, the power of attorney must be certified.

**Shareholders who are entitled to vote**

In accordance with Regulations 7.11.37 and 7.11.38 of the *Corporations Regulations 2001* (Cth), the Board has determined that a person's entitlement to vote at the Meeting will be the entitlement of that person set out in the register of shareholders as at 8:00 a.m. (London time) on 25 November 2015. Changes in the register of shareholders after this time will be disregarded in determining the rights of any person to attend and vote at the Meeting.

# Coal of Africa Limited

## ABN 98 008 905 388

### EXPLANATORY STATEMENT

This Explanatory Statement is intended to provide shareholders with sufficient information to assess the merits of the Resolutions contained in the preceding Notice.

The Explanatory Statement and all attachments are important documents. They should be read carefully. The Directors recommend shareholders read this Explanatory Statement in full before making any decision in relation to the Resolutions.

Certain abbreviations and other defined terms are used throughout this Explanatory Statement. Defined terms are generally identifiable by the use of an upper case first letter. Details of the definitions and abbreviations are set out in the glossary at the end of this Explanatory Statement.

#### FINANCIAL STATEMENTS

The first item of the Notice relates to the presentation of the consolidated annual financial report of the Company for the financial year ended 30 June 2015, together with the Directors' declaration and report in relation to that financial year and the auditor's report on those financial statements.

Shareholders should consider these documents and raise any matters of interest with the Directors when this item is being considered.

No resolution is required to be moved in respect of this item.

Shareholders may submit a written question to the auditor prior to the Meeting provided that the question relates to:

- the content of the auditor's report; or
- the conduct of the audit in relation to the financial report.

All written questions must be received by the Company no later than five business days prior to the Meeting. All questions must be sent to the Company and may not be sent directly to the auditor. The Company will then forward all questions to the auditor.

The auditor will be attending the Meeting and will answer written questions submitted prior to the Meeting.

Shareholders will be given a reasonable opportunity at the Meeting to ask questions and make comments on the accounts and on the business, operations and management of the Company.

The Chairman will also provide shareholders a reasonable opportunity to ask the auditor questions relevant to:

- the conduct of the audit;
- the preparation and content of the auditor's report;
- the accounting policies adopted by the Company in relation to the preparation of accounts; and
- the independence of the auditor in relation to the conduct of the audit.

## **RESOLUTION 1: REMUNERATION REPORT**

The Directors' report for the year ended 30 June 2015 contains the Remuneration Report which explains the Board policies in relation to the nature and level of remuneration paid to Directors, sets out remuneration details for each Director and any service agreements and sets out the details of any share based compensation.

Section 250R(3) of the Corporations Act expressly provides that the vote on the resolution is advisory only and does not bind the Directors or the Company. However, if at least 25% of the votes cast are against adoption of the Remuneration Report at the Meeting, and then again at the 2016 annual general meeting, the Company will be required to put a resolution to the 2016 annual general meeting, to approve calling an extraordinary general meeting ("spill resolution"). If more than 50% of shareholders vote in favour of the spill resolution, the Company must convene an extraordinary general meeting ("spill meeting") within 90 days of the 2016 annual general meeting. All of the Directors (other than the managing director (if any)) who were in office when the 2016 Directors' report was approved will need to stand for re-election at the spill meeting.

### **Voting**

Note that a voting exclusion applies to Resolution 1 in the terms set out in the Notice.

Shareholders are urged to carefully read the proxy form and provide a direction to the proxy on how to vote on this Resolution.

### **Directors' recommendation**

The Board unanimously recommends that shareholders vote in favour of Resolution 1.

## **RESOLUTION 2: RE-ELECTION OF DIRECTOR - DAVID BROWN**

Clause 3.6 of the Constitution provides that at every annual general meeting of the Company one-third of the Directors must retire from office and are eligible for re-election.

David Brown retires by rotation in accordance with the Constitution and, being eligible, offers himself for re-election.

### **David Brown**

Mr Brown was appointed as Non-executive Chairman of the Company in August 2012 and subsequently appointed as acting Chief Executive Officer (CEO) in June 2013. In February 2014, Mr Brown was appointed as CEO and Executive Director.

Mr Brown joined the board following almost 14 years at Impala Platinum Holdings Limited (Implats) where he served as board member of Implats as Chief Financial Officer from January 1999 to August 2006, and then as CEO from September 2006 to June 2012.

He is also a Non-executive Director at Vodacom Group Limited (January 2012 to date) and Edcon Holdings (January 2013 to date). Mr Brown is a Chartered Accountant and completed his articles with Ernst & Young, graduating from the University of Cape Town.

### **Directors' recommendation**

The Board (with Mr Brown abstaining) recommends shareholders vote in favour of Resolution 2.

### **RESOLUTION 3: RE-ELECTION OF DIRECTOR – RUDOLPH TORLAGE**

Clause 3.6 of the Constitution provides that at every annual general meeting of the Company one-third of the Directors must retire from office and are eligible for re-election.

Rudolph Torlage retires by rotation in accordance with the Constitution and, being eligible, offers himself for re-election.

#### **Rudolph Torlage**

Mr Torlage was initially appointed to the Board on 18 November 2010 to act as a non-executive Director and was subsequently re-elected as a Director on 22 November 2013.

Mr Torlage is a Chartered Accountant and has over twenty years' experience with ArcelorMittal South Africa, where he was the executive director finance. He also served on the boards of various unlisted ArcelorMittal Group companies.

#### **Directors' recommendation**

The Board (with Mr Torlage abstaining) recommends shareholders vote in favour of Resolution 3.

### **RESOLUTION 4: ELECTION OF DIRECTOR – DE WET SCHUTTE**

Clause 3.3 of the Constitution states that the Directors may at any time appoint a person to be a Director, either to fill a casual vacancy or as an addition to the existing Board. Any Director so appointed holds office only until the next following annual general meeting and is then eligible for election.

Mr Schutte was appointed to the Board on 22 June 2015 to act as an executive Director. In accordance with clause 3.3 of the Constitution, Mr Schutte now seeks election as a Director at the Annual General Meeting.

#### **De Wet Schutte**

Mr Schutte is a Chartered Accountant and attended the Top Executive Programme at the University of Virginia. He has over 16 years experience in the mining and natural resources industry serving as Managing Director, Natural Resources at Macquarie Bank and Chief Financial Officer of listed platinum producer Atlatza Resources Corporation. Mr Schutte also served as New Business and Exploration Executive at Harmony Gold Mining (Pty) Ltd and has a strong corporate finance background.

#### **Directors' recommendation**

The Board (with Mr Schutte abstaining) recommends shareholders vote in favour of Resolution 4.

### **RESOLUTION 5: ELECTION OF DIRECTOR – THABO MOSOLOLI**

Clause 3.3 of the Constitution states that the Directors may at any time appoint a person to be a Director, either to fill a casual vacancy or as an addition to the existing Board. Any Director so appointed holds office only until the next following annual general meeting and is then eligible for election.

Mr Mosololi was appointed to the Board on 12 December 2014 to act as a non-executive Director. In accordance with clause 3.3 of the Constitution, Mr Mosololi now seeks election as a Director at the Annual General Meeting.

#### **Thabo Mosololi**

Mr Mosololi has over 20 years of experience within the South African corporate environment. He is a qualified Chartered Accountant, having completed his articles with KPMG. He has served as Finance and Operations Director of Tsongo Sun and has considerable experience as a director of various companies.

#### **Directors' recommendation**

The Board (with Mr Mosololi abstaining) recommends shareholders vote in favour of Resolution 5.

## **RESOLUTION 6: ELECTION OF DIRECTOR – ANDREW MIFFLIN**

Clause 3.3 of the Constitution states that the Directors may at any time appoint a person to be a Director, either to fill a casual vacancy or as an addition to the existing Board. Any Director so appointed holds office only until the next following annual general meeting and is then eligible for election.

Mr Mifflin was appointed to the Board on 12 December 2014 to act as a non-executive Director. In accordance with clause 3.3 of the Constitution, Mr Mifflin now seeks election as a Director at the Annual General Meeting.

### **Andrew Mifflin**

Mr Mifflin obtained his Bachelor of Science (Honours) in Mining Engineering from Staffordshire University and has a Masters Degree in Business Administration. He has over 30 years experience specifically in the coal mining industry spanning various organisations such as British Coal Corporation, Xstrata and GVK Resources. Mr Mifflin has in-depth knowledge of the development and operations at thermal and hard coking collieries.

### **Directors' recommendation**

The Board (with Mr Mifflin abstaining) recommends shareholders vote in favour of Resolution 6.

## **RESOLUTIONS 7 – 10: RATIFICATION OF SECURITIES ISSUED IN PRECEDING 12 MONTH PERIOD**

Resolutions 7 – 10 seek shareholder ratification for the issue of an aggregate of 144,401,454 Shares and 40,000,000 unlisted Options issued during the last 12 months. Specifically:

- (a) on 3 June 2015 the Company issued 144,000,000 Shares to three shareholders as part of the completion of a broader capital raising at an issue price of GBP 0.055 (Resolution 7);
- (b) on 14 October 2015 the Company issued 201,454 Shares to two companies as partial consideration for the purchase of Tshikunda Mining (Pty) Ltd (Resolution 8);
- (c) on 5 March 2015 the Company issued 200,000 Shares to 3 long term employees, for no consideration (Resolution 9); and
- (d) on 3 June 2015 the Company issued 40,000,000 unlisted Options to a shareholder as part of the completion of a broader capital raising (Resolution 10).

### **Reason for ratification**

Under Listing Rule 7.1 the Company may not, without shareholder approval, issue equity securities of more than 15% of its total issued securities within a 12 month period.

The above 144,401,454 Shares and 40,000,000 unlisted Options detailed above were issued without shareholder approval under the Company's 15% placement capacity under Listing Rule 7.1. Listing Rule 7.4 permits ratification of previous issues of securities made without prior shareholder approval, provided the issue did not breach the maximum thresholds set by Listing Rule 7.1.

Listing Rule 7.5 contains certain requirements as to the contents of the Notice sent to shareholders for the purposes of subsequent approval of an issue of securities under Listing Rule 7.4. The following information is included in this Explanatory Statement for that purpose:

#### **Resolution 7: 3 June 2015 – Issue of 144,000,000 Shares**

Number of Securities Issued: 144,000,000 Shares.

Price at which Securities were Issued: GBP 0.055 per Share.

Terms of the Securities: Fully paid ordinary shares ranking equally with existing ordinary shares on issue.

Names of the Parties to whom the Securities were Issued: Haohua Energy International (Hong Kong) Resources Co Limited (37,000,000 Shares), M & G Investment Management Limited (28,000,000 Shares), TMM Holdings (Proprietary) Limited (79,000,000 Shares).

The use of the Funds Raised: Private placement to settle various liabilities and meet working capital requirements.

Voting Exclusion Statement: A voting exclusion statement is included in the Notice.

**Resolution 8: 14 October 2015 – Issue of 201,454 Shares**

Number of Securities Issued: 201,454 Shares.

Price at which Securities were Issued: ZAR 24.8 per Share.

Terms of the Securities: Fully paid ordinary shares ranking equally with existing ordinary shares on issue.

Names of the Parties to whom the Securities were Issued: Basane Investment Holdings Proprietary Limited (80,582 Shares) and Ndilo Mineral Resources Proprietary Limited (120,872 Shares).

The use of the Funds Raised: The Shares were issued as partial consideration for the purchase of 60% of the shares in Tshikunda Mining (Pty) Ltd, a company that owns a New Order Mining Right in the Limpopo Province.

Voting Exclusion Statement: A voting exclusion statement is included in the Notice.

**Resolution 9: 5 March 2015 – Issue of 200,000 Shares**

Number of Securities Issued: 200,000 Shares.

Price at which Securities were Issued: Nil.

Terms of the Securities: Fully paid ordinary shares ranking equally with existing ordinary shares on issue.

Names of the Parties to whom the Securities were Issued: Nico Pretorius (25,000 shares), Adriaan van der Merwe (150,000 shares), Colin Gordon (25,000 shares).

The use of the Funds Raised: Shares issued to three long term employees as part of employee retention strategy.

Voting Exclusion Statement: A voting exclusion statement is included in the Notice.

**Resolution 10: 3 June 2015 – Issue of 40,000,000 unlisted Options**

Number of Securities Issued: 40,000,000 unlisted Options.

Price at which Securities were Issued: Nil.

Terms of the Securities: Options are exercisable on or before 1 June 2016 at an exercise price of ZAR 0.30, vesting immediately, on the terms more fully described in Schedule 1.

Names of the Parties to whom the Securities were Issued: TMM Holdings (Proprietary) Limited.

The use of the Funds Raised: Options issued in connection with a private placement for nil consideration and accordingly, no funds were raised from the issue of the Options.

Voting Exclusion Statement: A voting exclusion statement is included in the Notice.

**Voting**

Note that a voting exclusion applies to Resolutions 7 – 10 in the terms set out in the Notice.

Shareholders are urged to carefully read the proxy form and provide a direction to the proxy on how to vote on this Resolution.

**Directors' recommendation**

The Board unanimously recommends that shareholders vote in favour of Resolutions 7 – 10.

**RESOLUTION 11: APPROVAL OF THE PERFORMANCE RIGHTS PLAN**

**Background**

The Directors considered that it was desirable to establish an employee equity incentive plan pursuant to which employees may be offered the opportunity to be granted performance rights (**Performance Rights**) to acquire Shares in the Company. Accordingly, the Directors adopted the Performance Rights Plan on 19 October 2015.

The Company's Performance Rights Plan is designed to assist with the attraction, motivation and retention of employees and executive directors of the Company and its subsidiaries, and to align the interests of those employees and directors with the interests of shareholders by matching rewards with the long term performance of the Company.

Shareholder approval is sought under Listing Rule 7.2 (Exception 9(b)) for the issue of securities under the Company's Performance Rights Plan, a summary of the terms of which is set out below.

Listing Rule 7.1 restricts (in certain circumstances) the issue of securities in any 12 month period to 15% of issued shares without shareholder approval. By obtaining approval under Listing Rule 7.2 (Exception 9(b)) any Performance Rights (or upon vesting, Shares) issued under the terms of the Company's Performance Rights Plan are excluded from the 15% limit in Listing Rule 7.1. Approval under Listing Rule 7.2 (Exception 9(b)) lasts for three years. In the absence of such approval, the issue of Performance Rights can still occur but would be counted as part of the Listing Rule 7.1 15% limit which would otherwise apply during a 12 month period.

Shareholder approval will be required before any Director or related party of the Company can participate in the Performance Rights Plan.

### Summary of the key terms of the Company's Performance Rights Plan

The key terms of the Company's Performance Rights Plan are set out below:

- a) **Eligibility:** The Board may from time to time, invite eligible employees and executive directors of the Company (or its subsidiaries), to participate in the Performance Rights Plan (**Eligible Employees**).
- b) **Offers:** The Board may, from time to time, at its absolute discretion, determine the number and value of any Performance Rights to be granted under the Performance Rights Plan. Without limiting its discretion, the Board may also determine the exercise price (if any), vesting conditions, exercise conditions, exercise period, restrictions on disposal and any other terms applicable to a particular grant of Performance Rights in an invitation to an Eligible Employee.
- c) **Vesting Conditions:** The Performance Rights will be subject to the vesting conditions as determined by the Board at the time of grant. The Board may in its discretion determine (subject to the Corporations Act, the Listing Rules (where applicable) and any other applicable laws and regulations) that any unvested Performance Rights will become vested and may be exercised in any period, whether or not any or all of the applicable vesting conditions and exercise conditions have been satisfied, including if an Eligible Employee becomes a good leaver (for example, ceases to be an executive director or employee due to death or incapacity) or there is a change of control of the Company.
- d) **Performance Rights:** Each Performance Right which has vested (it being noted that applicable vesting conditions must be satisfied or waived prior to vesting) and not lapsed or expired entitles the Eligible Employee to one fully paid ordinary share in the Company upon exercise. Subject to the terms of grant, the Company may issue new shares or arrange a transfer or purchase of existing shares. Shares issued following the vesting and exercise of Performance Rights will rank equally in all respects with the existing ordinary shares on issue at the time of issue.
- e) **Forfeiture:** Unless otherwise determined by the Board, an Eligible Employee's Performance Rights will be forfeited in the circumstances set out in the rules of the Performance Rights Plan, and include where:
  - i. an Eligible Employee's employment or office with the Company (or a subsidiary of the Company) ceases, unless the Board has determined that the leaver may retain their Performance Rights. For example, where the leaver has ceased employment or office with the Company (or a subsidiary of the Company) due to becoming a good leaver (eg. due to death or incapacity), the Board may determine that Eligible Employee may retain some or all of their Performance Rights;
  - ii. the relevant vesting condition(s) are not satisfied or cannot be satisfied by the relevant date;
  - iii. an Eligible Employee acts fraudulently or dishonestly or in breach of his or her obligations to the Company (or its subsidiaries); or
  - iv. an Eligible Employee becomes insolvent.
- f) **Participant's rights:** Prior to a Performance Right being exercised an Eligible Employee is not entitled to:
  - (a) notice of, or to vote or attend at, a meeting of the shareholders of the Company; or
  - (b) receive any dividends declared by the Company,by virtue of holding a Performance Right.
- (g) **Trust:** Subject to applicable laws, the Board may elect to use, on such terms and conditions as determined by the Board in its absolute discretion, an employee share trust for the purpose of holding shares before or after the exercise of an Eligible Employee's Performance Rights or delivering any shares to that Eligible Employee upon the vesting and exercise of a Performance Right.

For the avoidance of doubt, the Board may do all things necessary for the establishment, administration, operation and funding of an employee share trust. This may include (without limitation) issuing shares to the trustee of the employee share trust (to be held for and then transferred to an Eligible Employee), or procuring that the trustee acquires shares to held for the Eligible Employee's benefit before they are transferred to the Eligible Employee.

- h) Change of control:** If a change of control event occurs (which is defined in the rules of the Performance Rights Plan) or the Board determines such event is likely to occur, the Board may in its absolute discretion determine (having regard to, amongst other factors, the performance of the Company against targets in the vesting conditions at that time, the period of time that has elapsed between the grant date and the date of the change of control event, and the circumstances of the change of control) the manner in which any or all of the Participant's Performance Rights will be dealt with (including without limitation in a manner that allows the Participants to benefit from the change of control event).
- i) Amendment:** The Board has the ability to amend the rules of the Performance Rights Plan at any time, including with retrospective effect, except that any amendments which materially reduce an Eligible Employee's existing entitlements or obligations require an Eligible Employee's consent unless the amendment is primarily necessitated to (among other things) ensure compliance with the Company's constitution or laws or to correct manifest errors. If the ASX or the Listing Rules require that shareholder approval is obtained to amend the rules of the Performance Rights Plan, shareholder approval will be sought at the relevant time.

Copies of the Company's Performance Rights Plan documentation are available for inspection by shareholders at the Company's registered office during business hours.

In addition to the above, and for the purpose of Listing Rule 7.2 (Exception 9(b)):

- no Performance Rights (or Shares) in the Company have previously been issued under the Performance Rights Plan; and
- a voting exclusion statement in relation to this resolution is set out in the Notice of Annual General Meeting.

#### **Director's recommendation**

Each of the Directors (other than the executive Directors, Mr Brown (the CEO) and Mr Schutte (the CFO), who are each potential participants in the Performance Rights Plan) recommends the approval of the Performance Rights Plan for the purposes set out above. The non-executive Directors of the Company and are not eligible to participate in the Performance Rights Plan and accordingly do not have an interest in the outcome of this Resolution.

## **RESOLUTIONS 12 AND 13: GRANT OF PERFORMANCE RIGHTS TO MR BROWN (CEO) AND MR SCHUTTE (CFO)**

### **Background**

Listing Rule 10.14 states that a listed company must not permit a Director to acquire securities under an employee incentive scheme without the prior approval of shareholders by an ordinary resolution.

As the Company's CEO, Mr Brown and CFO, Mr Schutte, are Directors, the purpose of Resolutions 12 and 13 is for shareholders to approve the proposed grants of Performance Rights under the Company's Performance Rights Plan to Mr Brown and Mr Schutte.

The Board believes that part of the remuneration for Mr Brown's and Mr Schutte's services to the Company should be performance-based and at risk and should involve equity interests in the Company. This approach is consistent with best practice in executive remuneration and corporate governance. In structuring the terms of the long term incentives to Mr Brown and Mr Schutte, the Board has considered market practice among comparable companies listed on the ASX.

## Related Party Benefit

The Board (other than Mr Brown and Mr Schutte) has considered the application of Chapter 2E of the Corporations Act to the grants of Performance Rights to Mr Brown and Mr Schutte and considers that the financial benefit given by such grant of Performance Rights constitutes reasonable remuneration to Mr Brown and Mr Schutte given:

- the circumstances of the Company; and
- Mr Brown's and Mr Schutte's respective roles and responsibilities with the Company, for the purposes of the exception contained in section 211(1) of the Corporation Act.

Therefore the Company is not seeking shareholder approval pursuant to section 208 of the Corporations Act in addition to the approvals being sought under the Listing Rules for the grants of Performance Rights to Mr Brown and Mr Schutte.

## Requirements of Listing Rule 10.14 and 10.15 - Resolutions 12 and 13

The following information in relation to the Performance Rights that may be granted to Mr Brown and Mr Schutte pursuant to Resolutions 12 and 13 is provided to shareholders for the purposes of Listing Rule 10.15:

- a) **Number of securities:** Listing Rule 10.15.2 requires a company to state the maximum number of securities that may be acquired by all persons for whom approval is required, including any formula for calculating the number of securities to be issued.

The number of Performance Rights that may be granted to:

- Mr Brown will be determined by dividing ZAR4,812,500 (which is 83% of Mr Brown's fixed remuneration) by the volume weighted average price of the Shares of the Company over the 5 trading days prior to the date of grant of the Performance Rights. The proposed date of grant to Mr Brown is, subject to shareholder approval, intended to be on or as soon as practicable after the Annual General Meeting; and
- Mr Schutte will be determined by dividing ZAR2,700,000 (which is 75% of Mr Schutte's fixed remuneration) by the volume weighted average price of the Shares of the Company over the 5 trading days prior to the date of grant of the Performance Rights. The proposed date of grant to Mr Schutte is, subject to shareholder approval, intended to be on or as soon as practicable after the Annual General Meeting.

Accordingly, the Company has applied to the ASX for a waiver from Listing Rule 10.15.2 to the extent that it need not state in this Notice of Meeting the maximum number of Performance Rights proposed to be issued to Mr Brown and Mr Schutte (**Waiver**). At the time of issue of this Notice of Meeting the Waiver has not been granted by ASX. If the Waiver is not granted by ASX by the time appointed for the Annual General Meeting, then Resolutions 12 and 13 (as applicable) seeking shareholder approval for the grant of Performance Rights to Mr Brown and Mr Schutte will be withdrawn.

- b) **Price of securities:** The Performance Rights will be granted for no consideration. No exercise price is payable upon exercise of the Performance Rights.
- c) **Securities granted under the Performance Rights Plan since the last approval:** The Company has not previously sought shareholder approval under Listing Rule 10.14 for the grant of Performance Rights and no securities have been previously issued under the Plan.
- d) **Eligible participants:** Eligible participants under the Performance Rights Plan are full time or part time employees and executive directors of the Company or its subsidiaries. Mr Brown and Mr Schutte are the only Directors, or associates of a Director, who are entitled to participate in the Company's Performance Rights Plan.
- e) **No loans given to acquire securities:** No loans will be provided by the Company in connection with the grant of the Performance Rights to either Mr Brown or Mr Schutte.
- f) **Voting exclusion statement:** A voting exclusion statement in relation to Resolutions 12 and 13 is set out in the Notice.

- g) **Date of issue of securities:** Following approval, the Company will issue the Performance Rights to Mr Brown and Mr Schutte as soon as practicable and in any event within 12 months after the date of the Annual General Meeting. The Company expects to issue all of the Performance Rights on the same date, however the exact date of issue is unknown at this stage.

If approval is given for the abovementioned issues of the Performance Rights to Mr Brown and Mr Schutte under Listing Rule 10.14, further approval is not required (and will not be sought) under Listing Rule 7.1 for the issues.

### **Vesting Conditions**

All the Performance Rights proposed to be granted to Mr Brown and Mr Schutte will be subject to the following vesting conditions:

**TSR Vesting Condition:** Vesting of the Performance Rights will be subject to a hurdle based on the compound annual growth rate (**CAGR**) 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 of a Share (assuming dividends are reinvested) 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.

The TSR CAGR will be compared against a hurdle rate (**Hurdle Rate**) determined as follows:

$$e = r + B \times m$$

where:

e: is the Hurdle Rate, representing the cost of equity based on the standard capital asset pricing model formula set out above.

r: is the risk free rate, based on the South African Long Bond rate. The average of the daily yields of the R186 bond over the Performance Period will be used initially, with a replacement instrument selected by the Remuneration Committee when this bond becomes too short-dated.

B: is the "market Beta" of the Company as provided by Bloomberg.

m: is the equity market risk premium which will initially be set to 6%, and will be reviewed by the Remuneration Committee periodically based on market data.

The Hurdle Rate and the TSR will be computed on a CAGR basis.

The number of Performance Rights that vest and can become exercisable in respect of a Performance Period will be determined as follows (noting that the employment vesting condition described below also must be satisfied):

- 30% of the Performance Rights will vest if the TSR CAGR achieved equals the Hurdle Rate over the Performance Period;
- 100% of the Performance Rights will vest if the TSR CAGR achieved equals the Hurdle Rate plus 7% over the Performance Period; and
- if the TSR CAGR is between the Hurdle Rate and the Hurdle Rate plus 7%, the number of Performance Rights that will vest will be pro-rated on a straight-line basis.

**Employment condition:** In addition to satisfying the TSR Vesting Condition above, vesting of Mr Brown's and Mr Schutte's Performance Rights will be subject to Mr Brown and Mr Schutte (respectively) continuing to be employed by a member of the Group, and not have given or received notice of termination of his employment, three years after the grant date of the Performance Rights.

### **Director's recommendation**

Each of the Directors (other than Mr Brown who abstains in respect of the Performance Rights the subject of Resolution 12 and Mr Schutte who abstains in respect of the Performance Rights the subject of Resolution 13) recommends the grants of Performance Rights to Mr Brown and Mr Schutte for the reasons set out above and recommends that shareholders vote in favour of these Resolutions. Each of the Directors (other than Mr Brown and Mr Schutte) are non-executive Directors of the Company and are not eligible to participate in the Performance Rights Plan and accordingly do not have an interest in the outcome of these Resolutions.

## **RESOLUTION 14: APPROVAL OF POTENTIAL TERMINATION BENEFITS UNDER PERFORMANCE RIGHTS PLAN**

### **Background**

As set out in this Notice, the Company has recently adopted a Performance Rights Plan.

The purpose of Resolution 14 is for shareholders to approve the potential provision of termination benefits to participants under the Performance Rights Plan.

The Company is seeking this approval to provide the Company with the flexibility to continue to remunerate employees fairly and responsibly in the future, and in a manner that appropriately drives long term performance for shareholders.

### **Regulatory Requirements**

The Corporations Act restricts the benefits that can be given to persons who hold a “managerial or executive office” (as defined in the Corporations Act) on leaving their employment with the Company or any of its related bodies corporate.

Under Section 200B of the Corporations Act, a company may only give a person a benefit in connection with them ceasing to hold a managerial or executive office if the benefit is approved by shareholders or an exemption applies.

The term “benefit” has a wide meaning and may include benefits resulting from the Board exercising certain discretions under the rules of the Performance Rights Plan.

If shareholder approval is given under this Resolution the Company will still be required to comply with Listing Rules 10.18 and 10.19, which place restrictions on the circumstances in which termination benefits can be paid and a cap on the value of termination benefits that can be paid to officers of the Company.

### **Details of the Termination Benefit**

The Board possesses the discretion to determine, where a participant ceases employment before the vesting or exercise of their Performance Rights, that some or all of the Performance Rights do not lapse.

The exercise of this discretion may constitute a “benefit” for the purposes of Section 200B of the Corporations Act.

The Company is therefore seeking shareholder approval for the exercise of the Board’s discretions in respect of any current or future participant in the Performance Rights Plan who holds:

- (a) a managerial or executive office in the Company (or any of its related body corporate) at the time of their leaving or at any time in the three years prior to their leaving; and
- (b) Performance Rights under the Performance Rights Plan at the time of their leaving.

Provided shareholder approval is given, the value of these benefits may be disregarded when applying Section 200F(2)(b) or Section 200G(1)(c) of the Corporations Act (i.e. the approved benefit will not count towards the statutory cap under the legislation).

The Board’s current intention is to only exercise this discretion:

- (a) where the employee leaves employment without fault on their part; and
- (b) so as only to preserve that number of unvested Performance Rights as are pro-rated to the date of leaving.

### **Value of the Termination Benefits**

The value of the termination benefits that the Board may give under the Performance Rights Plan cannot be determined in advance. This is because various matters will or are likely to affect that value. In particular, the value of a particular benefit will depend on factors such as the Company’s Share price at the time of vesting and the number of Performance Rights that vest.

The following additional factors may also affect the benefit’s value:

- (a) the participant’s length of service and the portion of vesting periods at the time they cease employment;
- (b) the status of the performance hurdles attaching to the Performance Rights at the time the participant’s employment ceases; and
- (c) the number of unvested Performance Rights that the participant holds at the time they cease employment.

### **Board Recommendation**

The Board, other than Mr Brown and Mr Schutte who abstain on the basis that they are each potential participants under the Performance Rights Plan, recommend that shareholders approve Resolution 14.

## RESOLUTIONS 15 - 19: APPROVAL OF ISSUE OF OPTIONS TO NON-EXECUTIVE DIRECTORS

### Background

Shareholders are being asked to approve Resolutions 15 - 19 to allow a total of 5,000,000 Options that may vest in accordance with their terms to be issued to non-executive Directors Mr Peter Cordin, Mr Khomotso Mosehla, Mr Bernard Pryor, Mr Andrew Mifflin and Mr Thabo Mosololi.

The Board has determined that the grants of Options the subject of Resolutions 15 - 19 is an appropriate form of long term incentive for the Company's non-executive Directors, who the Board considers to be essential to the operation of Company's ongoing business.

It is proposed that under Resolution 15 - 19, 1,000,000 Options will be issued to each of the non-executive Directors listed above, for nil consideration.

The full terms and conditions of the Options are set out in Schedule 2 of this Notice.

### Related Party Benefit

The Board (other than the Directors the subject of Resolutions 15 - 19) has considered the application of Chapter 2E of the Corporations Act to the issue of Options the subject of Resolutions 15 - 19 and considers that the financial benefit given by such issue of Options constitutes reasonable remuneration to the non-executive Directors given:

- the circumstances of the Company; and
  - the non-executive Directors' roles and responsibilities with the Company,
- for the purposes of the exception contained in section 211(1) of the Corporation Act.

Therefore the Company is not seeking shareholder approval pursuant to section 208 of the Corporations Act in addition to the approvals being sought under the Listing Rules for the issue of Options to the non-executive Directors listed above.

### Regulatory Requirements - Resolutions 15 - 19

Listing Rule 10.11 provides that, unless a specified exception applies, a Company must not issue or agree to issue securities to a related party without the approval of ordinary shareholders. A "related party", for the purposes of the Listing Rules, has the meaning given to it in the Corporations Act, and includes the directors of a company.

As such, shareholder approval is sought under Listing Rule 10.11 as Resolutions 15 - 19 propose the issue of Options to various non-executive Directors, who are each considered a related party of the Company.

As shareholder approval for Resolutions 15 - 19 is being sought under Listing Rule 10.11, approval is not also required (and will not be sought) under Listing Rule 7.1.

In compliance with the information requirements of Listing Rule 10.13, shareholders are advised of the following information in respect of Resolutions 15 - 19:

- (a) Name of the person to receive securities

Mr Peter Cordin (or his nominee) (Resolution 15)  
Mr Khomotso Mosehla (or his nominee) (Resolution 16)  
Mr Bernard Pryor (or his nominee) (Resolution 17)  
Mr Andrew Mifflin (or his nominee) (Resolution 18)  
Mr Thabo Mosololi (or his nominee) (Resolution 19)

- (b) Maximum number of securities to be issued

Each Director listed above may acquire a maximum number of 1,000,000 Options under Resolutions 15 - 19 respectively.

(c) Date of Issue

The Options will be issued not later than 1 month after the date of shareholder approval pursuant to Resolutions 15 - 19 or such later date as approved by ASX

The Company expects to issue all of the Options on the same date, however the exact date of issue is unknown at this stage.

(d) Issue Price

The Options will be issued for nil consideration.

The Options will be exercisable at GBP 0.055 each.

(e) Terms of issue

The Options will be issued on the terms and conditions set out in Schedule 2.

The Options may be exercised on or before the date which is three years after the grant date.

The Company will not apply to ASX for official quotation of the Options.

(f) Intended use of the funds raised

The Options are being issued for nil consideration and as such, no funds will be raised.

(g) Voting exclusion statement

A voting exclusion statement for each of Resolutions 15 - 19 is included in the Notice.

(h) Board Recommendation

The Board (other than Mr Cordin in respect of Resolution 15, Mr Mosehla in respect of Resolution 16, Mr Pryor in respect of Resolution 17, Mr Mifflin in respect of Resolution 18 and Mr Mosololi in respect of Resolution 19) recommends that shareholders approve each of Resolutions 15 - 19.

## GLOSSARY

**ASX** means ASX Limited ABN 98 008 624 691 and, where the context permits, the Australian Securities Exchange operated by ASX Limited.

**ASX Listing Rules** means the Listing Rules of ASX.

**Board** means the board of Directors of the Company.

**Closely Related Party** has the meaning given to that term in the Corporations Act.

**Company** means Coal of Africa Limited ABN 98 008 905 388.

**Constitution** means the constitution of the Company in effect as at the date of this Notice.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Directors** means the directors of the Company.

**Explanatory Statement** means this explanatory statement.

**Group** means the Company and all the entities the Company is required to include in its consolidated financial statements (ie its controlled entities).

**Key Management Personnel** has the meaning given to that term in the Corporations Act.

**Meeting** or **Annual General Meeting** means the annual general meeting the subject of the Notice.

**Notice** or **Notice of Meeting** or **Notice of Annual General Meeting** means the notice of Meeting which accompanies this Explanatory Statement.

**Option** means an option to acquire a Share.

**Performance Rights** has the meaning given to that term on page 12 of the Explanatory Statement.

**Performance Rights Plan** means the performance rights plan adopted by the Company entitled "Coal of Africa Limited Performance Rights Plan".

**Remuneration Report** means the section of the Directors' report contained in the annual financial statements of the Group for the year ended 30 June 2015 entitled "Remuneration Report".

**Resolution** means a resolution proposed pursuant to the Notice.

**Shares** means fully paid ordinary shares in the capital of the Company.

**SCHEDULE 1 - TERMS OF OPTIONS ISSUED TO TMM HOLDINGS (PROPRIETARY) LIMITED  
(RESOLUTION 10)**

- a) **Number of Options**  
40,000,000
- b) **Exercise price per Option**  
0.30 ZAR
- c) **Expiry date**  
1 June 2016

## SCHEDULE 2 - TERMS OF OPTIONS ISSUED TO NON-EXECUTIVE DIRECTORS (RESOLUTIONS 15 - 19)

**a) Entitlement**

Each Option will entitle the holder to subscribe for one Share in the Company. All Shares issued upon the exercise of the Options will rank equally in all respects with the Company's then existing Shares.

**b) Exercise Price**

Each Option shall entitle the Optionholder to acquire one fully paid ordinary share upon payment of the sum of GBP 0.055 per Option (**Exercise Price**) to the Company.

**c) Notice of Exercise**

The Options may be exercised at any time prior to the date which is three years after the grant date (**Expiry Date**) in whole or in part, by completing and delivering a duly completed form of notice of exercise to the registered office of the Company together with the payment of the Exercise Price in immediately available funds for the number of Shares in respect of which the Options are exercised. An Option not exercised on or before the Expiry Date will lapse.

Shares allotted and issued pursuant to the exercise of the Options will be allotted and issued, and a holding statement provided to the holders of Options in respect of those Shares, on the above terms and conditions not more than 15 business days after the receipt of a duly completed form of notice of exercise and the Exercise Price in immediately available funds in respect of the Options exercised.

**d) Quotation of Options and Shares on Exercise**

Application will not be made to ASX for official quotation of the Options. Application will be made for official quotation of the Shares issued upon exercise of Options not later than 10 business days after the date of allotment.

**e) Transfer of Options**

The Options are not transferable.

**f) Participation Rights or Entitlements**

There are no participating rights or entitlements inherent in the Options and Optionholders will not be entitled to participate in new issues of securities offered to shareholders during the currency of the Options. However, the Company must give notice to the holders of Options of any new issue before the record date for determining entitlements to the issue in accordance with the ASX Listing Rules so as to give Optionholders the opportunity to exercise their Options before the date for determining entitlements to participate in any issue.

**g) Reorganisation of Share Capital**

In the event of a reorganisation (including consolidation, subdivision, reduction or return) of the issued capital of the Company, all rights of the Optionholder shall be changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.

**h) Bonus Issues**

If, from time to time, before the expiry of the Options the Company makes a pro rata issue of Shares to shareholders for no consideration, the number of Shares over which an Option is exercisable will be increased by the number of Shares which the Optionholder would have received if the Option had been exercised before the date for calculating entitlements to the pro rata issue.

**i) Pro Rata Issues**

There will be no change to the Exercise Price of the Option or the number of Shares over which the Option is exercisable in the event of the Company making a pro rata issue of Shares or other securities to the holders of Shares in the Company (other than bonus issue).





COAL of AFRICA LIMITED  
ABN 98 008 905 388



┌ 000001 000 CZA  
MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

## Lodge your vote:



### By Mail:

Computershare Investor Services Pty Limited  
GPO Box 242 Melbourne  
Victoria 3001 Australia

Alternatively you can fax your form to  
(within Australia) 1800 783 447  
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only  
(custodians) [www.intermediaryonline.com](http://www.intermediaryonline.com)

### For all enquiries call:

(within Australia) 1300 850 505  
(outside Australia) +61 3 9415 4000

## Proxy Form

XX

**For your vote to be effective it must be received by 10 a.m. (London Time) / 6 p.m. (Perth time)  
Wednesday, 25 November 2015**

### How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

#### Appointment of Proxy

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

**A proxy need not be a securityholder of the Company.**

### Signing Instructions

**Individual:** Where the holding is in one name, the securityholder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the securityholders should sign.

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

### Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at [www.investorcentre.com](http://www.investorcentre.com) under the help tab, "Printable Forms".

**Comments & Questions:** If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**Turn over to complete the form** →



View the annual report, 24 hours a day, 7 days a week:

**[www.coalofafrica.com](http://www.coalofafrica.com)**

To view and update your securityholding:

**[www.investorcentre.com](http://www.investorcentre.com)**

**Your secure access information is:**

**SRN/HIN: I999999999**



**PLEASE NOTE:** For security reasons it is important that you keep your SRN/HIN confidential.

MR SAM SAMPLE  
 FLAT 123  
 123 SAMPLE STREET  
 THE SAMPLE HILL  
 SAMPLE ESTATE  
 SAMPLEVILLE VIC 3030

**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

IND

# Proxy Form

Please mark  to indicate your directions

## STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Coal of Africa Limited hereby appoint

the Chairman of the Meeting **OR**

**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Coal of Africa Limited to be held at Tavistock Communications, 8th Floor, 131 Finsbury Pavement, London EC2A 1NT on Friday, 27 November 2015 at 10 a.m. (London time) and at any adjournment or postponement of that Meeting.

**Chairman authorised to exercise undirected proxies on remuneration related resolutions:** Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 1 and 11 - 19 (except where I/we have indicated a different voting intention below) even though Resolutions 1 and 11 - 19 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

**Important Note:** If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolutions 1 and 11 - 19 by marking the appropriate box in step 2 below.

## STEP 2 Items of Business

**PLEASE NOTE:** If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain			For	Against	Abstain
Resolution 1	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 11	Approval of Performance Rights Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election of Director - David Brown	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 12	Grant of Performance Rights to Director - David Brown	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Re-election of Director - Rudolph Torlage	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 13	Grant of Performance Rights to Director - De Wet Schutte	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Election of Director - De Wet Schutte	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 14	Approval of Potential Termination Benefits under Performance Rights Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Election of Director - Thabo Mosololi	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 15	Approval to Issue Options to Non-Executive Director - Peter Cordin	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Election of Director - Andrew Mifflin	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 16	Approval to Issue Options to Non-Executive Director - Khomotso Mosehla	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Ratification of Shares issued in preceding 12 month period	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 17	Approval to Issue Options to Non-Executive Director - Bernard Pryor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8	Ratification of Shares issued in preceding 12 month period	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 18	Approval to Issue Securities to Non-Executive Director - Andrew Mifflin	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 9	Ratification of Shares issued in preceding 12 month period	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 19	Approval to Issue Options to Non-Executive Director - Thabo Mosololi	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 10	Ratification of Options issued in preceding 12 month period	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

## SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date

 /  /

**All Correspondence to:**  
 The office of the Depositary  
 Computershare Investor Services PLC  
 The Pavilions, Bridgwater Road,  
 Bristol, BS99 6ZY

MR A SAMPLE  
 < DESIGNATION >  
 SAMPLE STREET  
 SAMPLE TOWN  
 SAMPLE CITY  
 SAMPLE COUNTY  
 AA11 1AA



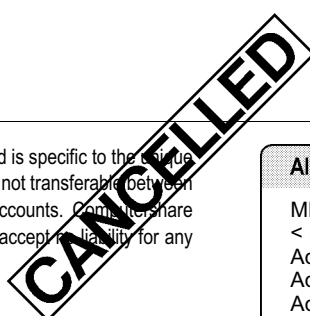
**Form of Instruction - Annual General Meeting to be held on Friday, 27 November 2015**

To be effective, all forms of instruction must be lodged at the office of the Depositary at:  
 Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY by Tuesday, 24 November 2015 at 10.00 am (London Time).

**Explanatory Notes:**

1. Please indicate, by placing 'X' in the appropriate space overleaf, how you wish your votes to be cast in respect of the Resolution. If this form is duly signed and returned, but without specific direction as to how you wish your votes to be cast, the form will be rejected.
2. The 'Abstain' option overleaf is provided to enable you to vote withheld on the Resolution. However, it should be noted that a 'Vote Abstain' is not a vote in law and will not be counted in the calculation of the proportion of the votes 'For' and 'Against' a Resolution.
3. Any alterations made in this form should be initialled.
4. The 2015 Integrated Report and Notice of Meeting is available online, simply visit: [www.coalofafrica.com](http://www.coalofafrica.com).

**Kindly Note:** This form is issued only to the addressee(s) and is specific to the unique designated account printed hereon. This personalised form is not transferable between different: (i) account holders; or (ii) uniquely designated accounts. Computershare Investor Services PLC (the "Depositary") and the Custodian accept no liability for any instruction that does not comply with these conditions.



All Named Holders
MR A SAMPLE
< Designation >
Additional Holder 1
Additional Holder 2
Additional Holder 3
Additional Holder 4



# Form of Instruction



Please use a **black** pen. Mark with an **X** inside the box as shown in this example.



C000000000

I/We hereby instruct the Custodian "Computershare Clearing PTY Limited A/c CCNL DI" to vote on my/our behalf at the Annual General Meeting of Coal of Africa Limited to be held at **Tavistock Communications, 8th Floor, 131 Finsbury Pavement, London EC2A 1NT**, on **Friday, 27 November 2015 at 10.00 am (London Time)** and at any adjournment thereof.

## Ordinary Resolutions

	For	Against	Abstain		For	Against	Abstain
1. Non-binding resolution to adopt Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	11. Approval of Performance Rights Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Re-election of Director – David Brown	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	12. Grant of Performance Right to Director – David Brown	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Re-election of Director – Rudolph Torlage	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	13. Grant of Performance Right to Director – De Wet Schutte	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Election of Director – De Wet Schutte	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	14. Approval of Potential Termination Benefits under Performance Rights Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Election of Director – Thabo Mosololi	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	15. Approval to Issue Options to Non-Executive Director – Peter Cordin	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Election of Director – Andrew Mifflin	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	16. Approval to Issue Options to Non-Executive Director – Khomotso Mosehla	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Ratification of Shares issued in preceding 12 month period	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	17. Approval to Issue Options to Non-Executive Director – Bernard Pryor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. Ratification of Shares issued in preceding 12 month period	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	18. Approval to Issue Securities to Non-Executive Director – Andrew Mifflin	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. Ratification of Shares issued in preceding 12 month period	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	19. Approval to Issue Options to Non-Executive Director – Thabo Mosololi	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. Ratification of Shares issued in preceding 12 month period	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				

Signature

Date



In the case of joint holders, only one holder need sign. In the case of a corporation, the Form of Instruction should be signed by a duly authorised official whose capacity should be stated, or by an attorney.



# COAL of AFRICA LIMITED

(previously, GVM Metals Limited)  
(Incorporated and registered in Australia)  
(Registration number: ABN 98 008 905 388)  
Share code on the JSE Limited, AIM and ASX: "CZA"  
ISIN: AU000000CZA6  
("CoAL" or "the Company")



## FORM OF PROXY – ANNUAL GENERAL MEETING OF SHAREHOLDERS TO BE HELD ON FRIDAY, 27 NOVEMBER 2015 AT 10:00 AM (GMT)

Only for use by certificated shareholders or dematerialised shareholders of CoAL of Africa Limited who have selected "own-name" registration.

For use by CoAL shareholders at the Annual General Meeting of shareholders to be held at Tavistock Communications, 8<sup>th</sup> Floor, 131 Finsbury Pavement, London, EC2A 1NT, United Kingdom on Friday, 27 November 2015 at 10:00 am (GMT) and at any adjournment or postponement of that Meeting.

If you have dematerialised your shares with a Central Securities Depository Participant ("CSD Participant") or broker and have not selected "own-name" registration, you must arrange with your CSD Participant or broker to provide you with the necessary letter of representation to attend the Annual General Meeting or you must instruct them as to how you wish to vote in this regard. This must be done in terms of the agreement entered into between you and the CSD Participant or broker.

I/We (Names in full – please print)

of (address – please print):

being the holder of  shares in CoAL hereby appoint:

1. \_\_\_\_\_ of \_\_\_\_\_ or failing him/her,

2. \_\_\_\_\_ of \_\_\_\_\_ or failing him/her,

or if no person is named, the Chairman of the Meeting, as my/our proxy to attend and vote for me/us at the Annual General Meeting of shareholders to be held at Tavistock Communications, 8<sup>th</sup> Floor, 131 Finsbury Pavement, London, EC2A 1NT, United Kingdom on Friday, 27 November 2015 at 10:00 am (GMT) and at any adjournment or postponement thereof, and, if deemed fit, passing, with or without modification, the resolutions to be proposed thereat in accordance with the following instructions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) (see notes).

**Chairman authorised to exercise undirected proxies on remuneration related resolutions:** Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 1 and 11 - 19 (except where I/we have indicated a different voting intention below) even though Resolutions 1 and 11 - 19 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

	For	Against	Abstain
<b>Ordinary Resolution 1</b> Non-binding Resolution to adopt Remuneration Report			
<b>Ordinary Resolution 2</b> Re-election of Director – Mr David Brown			
<b>Ordinary Resolution 3</b> Re-election of Director – Mr Rudolph Torlage			
<b>Ordinary Resolution 4</b> Election of Director – Mr De Wet Schutte			
<b>Ordinary Resolution 5</b> Election of Director – Mr Thabo Mosololi			
<b>Ordinary Resolution 6</b> Election of Director – Mr Andrew Mifflin			
<b>Ordinary Resolution 7</b> Ratification of Shares issued in preceding 12 month period			

<b>Ordinary Resolution 8</b>	Ratification of Shares issued in preceding 12 month period			
<b>Ordinary Resolution 9</b>	Ratification of Shares issued in preceding 12 month period			
<b>Ordinary Resolution 10</b>	Ratification of Options issued in preceding 12 month period			
<b>Ordinary Resolution 11</b>	Approval of Performance Rights Plan			
<b>Ordinary Resolution 12</b>	Grant of Performance Rights to Director David Brown			
<b>Ordinary Resolution 13</b>	Grant of Performance Rights to Director De Wet Schutte			
<b>Ordinary Resolution 14</b>	Approval of Potential Termination Benefits Under Performance Rights Plan			
<b>Ordinary Resolution 15</b>	Approval to Issue Options to Non-Executive Director - Peter Cordin			
<b>Ordinary Resolution 16</b>	Approval to Issue Options to Non-Executive Director - Khomotso Mosehla			
<b>Ordinary Resolution 17</b>	Approval to Issue Options to Non-Executive Director - Bernard Pryor			
<b>Ordinary Resolution 18</b>	Approval to Issue Securities to Non-Executive Director - Andrew Mifflin			
<b>Ordinary Resolution 19</b>	Approval to Issue Options to Non-Executive Director - Thabo Mosololi			

Signed at \_\_\_\_\_ on \_\_\_\_\_ 2015

Name

*(In block letters)*

Signature/s

Assisted by me

*(If applicable)*

Full name/s of signatory/ies if signing in a representative capacity

*(In block letters and authority to be attached – see note 11)*

Please read the notes below:

## Notes

- (1) Each shareholder is entitled to appoint one or more proxies (none of whom need be a shareholder of CoAL) to attend, speak, vote or abstain from voting in place of that shareholder at the Annual General Meeting of shareholders.
- (2) A shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space/s provided, with or without deleting "the Chairman of the Meeting," but any such deletion must be initialled by the shareholder. The person whose name stands first on the form of proxy and who is present at the Annual General Meeting of shareholders will be entitled to act as proxy to the exclusion of those whose names follow.
- (3) **Forms of proxy must be lodged with or posted to the transfer secretaries, Computershare Investor Services (Pty) Ltd, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) or faxed to +27 11 688-5238 to be received by no later than 10:00 AM (London time) / 12:00pm (Johannesburg time) on 25 November 2015.**
- (4) The completion and lodging of this form of proxy will not preclude the shareholder from attending the Annual General Meeting and speaking and voting in person to the exclusion of any proxy appointed in terms hereof, should such shareholder wish to do so.
- (5) **If the signatory does not indicate in the appropriate place on the face hereof how he/she wishes to vote in respect of any resolutions, his/her proxy shall be entitled to vote as he/she deems fit in respect of that resolution. The Chairman intends to vote all available undirected proxies in favour of all Resolutions.**
- (6) The Chairman of the Meeting shall be entitled to decline to accept the authority of a person signing this form of proxy:
  - under a power of attorney; or
  - on behalf of a company;unless the power of attorney or authority is deposited at the office of CoAL's transfer secretaries, not less than 48 hours before the time appointed for the holding of the Annual General Meeting.
- (7) The Chairman of the Meeting may reject or accept any form of proxy, which is completed and/or received other than in accordance with these notes, provided that the Chairman is satisfied as to the manner in which the shareholder concerned wishes to vote.
- (8) Subject to note (2) above, a deletion of any printed matter and the completion of any blank spaces need not be signed or initialled. Any alterations must be signed, not initialled.
- (9) If the shareholding is not indicated on the form of proxy, the proxy will be deemed to be authorised to vote the total shareholding registered in the shareholder's name.
- (10) A vote given in terms of an instrument of proxy shall be valid in relation to the Annual General Meeting, notwithstanding the death of the person granting it, or the revocation of the proxy, or the transfer of the shares in CoAL in respect of which the vote is given, unless an intimation in writing of such death, revocation or transfer is received by the transfer secretaries no less than 48 hours before the commencement of the Annual General Meeting.
- (11) Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity (e.g. for a company, close corporation, trust, pension fund, deceased estate, etc.) must be attached to this form of proxy unless previously recorded by CoAL or its transfer secretaries or waived by the Chairman of the Meeting.
- (12) Where this form of proxy is signed under power of attorney, such power of attorney must accompany this form of proxy, unless it has previously been registered with CoAL or the transfer secretaries.
- (13) Where there are joint holders of shares and if more than one such joint holder is present or represented thereat, then the person whose name appears first in the register of such shares or his/her proxy, as the case may be, shall alone be entitled to vote in respect thereof.
- (14) Where shares are held jointly, all joint holders are required to sign.
- (15) A minor must be assisted by his/her parent or guardian, unless the relevant documents establishing his/her legal capacity are produced or have been registered by the transfer secretaries of CoAL.
- (16) Dematerialised shareholders who have not selected "own-name" registration and who wish to attend the Annual General Meeting or to vote by way of proxy, must advise their CSD Participant or broker who will issue the necessary letter of representation in writing, for a dematerialised shareholder or proxy to do so.

**Transfer Secretaries  
Computershare Investor Services (Pty) Limited  
Reg. No. 2004/003647/07  
Proxy Dept. PO Box 61051, Marshalltown, 2107, South Africa  
Fax: +27 11 688-5238**