



Mozambi Coal Limited

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NOTICE OF ANNUAL GENERAL MEETING

Time

10 am (WST)

Date

16 November 2011

Place

The Park Business Centre, 45 Ventnor Avenue, West Perth

This Notice should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, stockbroker or other professional adviser prior to voting.

Should you wish to discuss any matter please do not hesitate to contact the Company Secretary by telephone on +61 8 9321 0774.

MOZAMBI COAL LIMITED

ACN 106 353 253

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Shareholders of the Company will be held at 10am on 16 November 2011 (WST) at The Park Business Centre, 45 Ventnor Avenue, West Perth, Western Australia ("Meeting").

The Explanatory Statement provides additional information on matters to be considered at the Annual General Meeting. The Explanatory Statement and the attached Proxy Form form part of this Notice of Annual General Meeting ("Notice").

Please note that terms used in this Notice have the meaning as set out in the Glossary of the Explanatory Statement accompanying this Notice.

The Directors have determined pursuant to regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders of the Company at 10am on 14 November 2011 (WST).

AGENDA

Ordinary Business

Financial Statements and Reports

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2011 together with the declaration of the directors, the directors' report, the remuneration report and the auditor's report.

Resolution 1 Adoption of Remuneration Report

To consider, and if thought fit, to pass with or without amendment, the following Resolution as a **non-binding resolution**:

"That, for the purpose of Section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the remuneration report as contained in the Company's annual financial report for the financial year ended 30 June 2011."

Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.

Voting Prohibition Statement: A vote on this Resolution must not be cast (in any capacity) by or on behalf of any of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person described above may vote on this Resolution if:

- (c) the person does so as a proxy appointed by writing that specifies how the proxy is to vote on the Resolution; and
- (d) the vote is not cast on behalf of a person described in sub-paragraphs (a) or (b) above.

Resolution 2 Re-election of Director – Mr Robert Hemphill

To consider, and if thought fit, to pass with or without amendment, the following Resolution as an **ordinary resolution**:

"That, for the purpose of clause 13.2 of the Constitution and for all other purposes, Mr Robert Hemphill, a Director, retires by rotation, and being eligible, is re-elected as a Director."

Resolution 3 Ratification of Previous Issue of Shares and Options to Polo Resources Plc

To consider, and if thought fit, to pass with or without amendment, the following Resolution as an **ordinary Resolution**:

"That, for the purpose of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the allotment and issue of 7,500,000 Shares and 2,500,000 Options to Polo Resources Plc, on the terms set out in the Explanatory Statement."

Voting exclusion statement: The Company will disregard any votes cast on Resolution 3 by Polo Resources Plc or any of its associates. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote (in accordance with the directions on the Proxy Form) or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote (in accordance with a direction on the Proxy Form to vote as the proxy decides).

Resolution 4 Adoption of Incentive Option Plan

To consider, and if thought fit, to pass with or without amendment, the following Resolution as an **ordinary Resolution**:

“That, for the purpose of ASX Listing Rule 7.2 (Exception 9) and for all other purposes, approval is given to adopt the “Mozambi Incentive Option Plan” and to issue securities under that plan on the terms and conditions summarised in the Explanatory Statement.”

Voting exclusion statement: The Company will disregard any votes cast on Resolution 4 by a director of the Company (except one who is ineligible to participate in any employee incentive plan in relation to the Company) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote (in accordance with the directions on the Proxy Form) or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote (in accordance with a direction on the Proxy Form to vote as the proxy decides).

Voting Prohibition Statement

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
 - (ii) a Closely Related Party of such a member; and
 - (b) the proxy does not specify the way the proxy is to vote on this Resolution.
- However, the above prohibition does not apply if:
- (c) the proxy is the Chair of the Meeting; and
 - (d) the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

Resolution 5 Ratification of Previous Issue of Options to Employee

To consider, and if thought fit, to pass with or without amendment, the following Resolution as an **ordinary Resolution**:

“That for the purpose of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the allotment and issue of 250,000 Options to Mr Ryan Broom, on the terms set out in the Explanatory Statement.”

Voting exclusion statement

The Company will disregard any votes cast on Resolution 5 by Mr Ryan Broom or any of his associates. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote (in accordance with the directions on the Proxy Form) or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote (in accordance with a direction on the Proxy Form to vote as the proxy decides).

Resolution 6 Ratification of Previous Issue of Options to Consultant

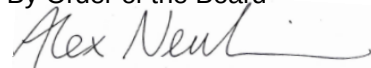
To consider, and if thought fit, to pass with or without amendment, the following Resolution as an **ordinary Resolution**:

“That for the purpose of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the allotment and issue of 500,000 Options to Mr Chalamaiah Kondragunta, on the terms set out in the Explanatory Statement.”

Voting exclusion statement

The Company will disregard any votes cast on resolution 6 by Mr Chalamaiah Kondragunta or any of his associates. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote (in accordance with the directions on the Proxy Form) or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote (in accordance with a direction on the Proxy Form to vote as the proxy decides).

By Order of the Board



Alex Neuling
Director

14 October 2011

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of Shareholders in relation to the business to be conducted at the Annual General Meeting of the Company to be held on 16 November 2011 at The Park Business Centre, 45 Ventnor Avenue, West Perth, Western Australia.

The purpose of this Explanatory Statement is to provide Shareholders with all information which the Directors believe is material to a decision on how to vote on the Resolutions in the accompanying Notice of Annual General Meeting.

This Explanatory Statement should be read in conjunction with the Notice of Annual General Meeting. Capitalised terms in the Explanatory Statement are defined in the Glossary.

1. Financial Statements and Reports

In accordance with the Constitution, the business of the Annual General Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2011 together with the declaration of the directors, the directors' report, the remuneration report and the auditor's report.

The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. The Company's annual financial report is available on its website at www.mozambicoal.com.au.

2. Resolution 1 – Adoption of Remuneration Report

The Corporations Act requires that at a listed company's Annual General Meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the Directors or the Company.

Under recent changes to the Corporations Act which came into effect on 1 July 2011, if at least 25% of the votes cast on Resolution 1 are voted against adoption of the Remuneration Report at the Annual General Meeting, and then again at the Company's 2012 annual general meeting, the Company will be required to put to Shareholders a resolution proposing the calling of an extraordinary general meeting to consider the appointment of directors of the Company (**Spill Resolution**).

If more than 50% of Shareholders vote in favour of the Spill Resolution, the Company must convene the extraordinary general meeting (**Spill Meeting**) within 90 days of the Company's 2012 annual general meeting. All of the Directors who were in office when the Company's 2012 Directors' report was approved, other than the managing director of the Company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting. Following the Spill Meeting those persons whose election or re-election as Directors is approved will be the Directors of the Company.

The remuneration report sets out the Company's remuneration arrangements for the Directors and senior management of the Company. The remuneration report is part of the Directors' report contained in the annual financial report of the Company for the financial year ending 30 June 2011.

A reasonable opportunity will be provided for discussion of the remuneration report at the Annual General Meeting.

Proxy Restrictions

Pursuant to the Corporations Act, if you elect to appoint the Chair, or another member of Key Management Personnel or any Closely Related Party as your proxy to vote on this Resolution 1, you must direct the proxy how they are to vote. Where you do not direct the Chair, or another member of Key Management Personnel or Closely Related Party on how to vote on this Resolution 1, the proxy is prevented by the Corporations Act from exercising your vote and your vote will not be counted in relation to this Resolution 1.

3. Resolution 2 – Re-election of Director – Mr Robert Hemphill

Clause 13.2 of the Constitution requires that at the Company's Annual General Meeting in every year, one-third of the Directors for the time being, or, if their number is not a multiple of 3, then the number nearest one-third (rounded upwards in case of doubt), shall retire from office, provided always that no Director (except a Managing Director) shall hold office for a period in excess of 3 years, or until the third annual General Meeting following his or her appointment, whichever is the longer, without submitting himself or herself for re-election.

The Directors to retire at an Annual General Meeting are those who have been longest in office since their last election, but, as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by drawing lots.

A Director who retires by rotation under clause 13.2 of the Constitution is eligible for re-election.

The Company currently has 4 Directors and accordingly 1 must retire.

Mr Robert Hemphill, the Director longest in office since his last election, retires by rotation and seeks re-election

4. Resolution 3 – Ratification of Previous Issue of Shares and Options to Polo Resources Plc

Background

On 22 July 2011, the Company issued 7,500,000 new Shares and 2,500,000 new Options to Polo Resources Plc.

Polo Resources Plc is not a related party of the Company.

Resolution 3 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Shares and Options (**Ratification**).

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

ASX Listing rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purposes of ASX Listing Rule 7.1.

By ratifying this issue, the Company will retain flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

Technical Information required by ASX Listing Rule 7.4

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to the Ratification:

- (a) 7,500,000 Shares and 2,500,000 Options were issued and allotted;
- (b) The Shares were issued at an issue price of 25 cents per Share. The Options were issued for nil consideration;
- (c) The Shares and Options were allotted and issued to Polo Resources Plc;
- (d) The Shares were issued on the same terms and conditions as the Company's pre-existing fully paid ordinary shares and rank equally with those Shares. The Options were issued on the terms and conditions set out in Appendix A; and
- (e) The Company intends to use the funds raised from the issue of Shares (\$1.875 million before associated costs) towards the acquisition and initial exploration of Exploration Licence 2738L. No funds were raised from the issue of Options as the Options were issued for nil consideration.

5. Resolution 4 – Adoption of Incentive Option Plan

Background

To ensure that the Company has appropriate mechanisms to continue to attract, motivate and retain the services of high calibre and appropriately qualified directors and employees, the Company has established the “Mozambi Incentive Option Plan” (**Plan**).

Resolution 4 seeks Shareholder approval under exception 9(b) of ASX Listing Rule 7.2 to allow the Grant of Options under the Plan (**Incentive Options**) and the issue of Shares on exercise of the Incentive Options, as an exception to Listing Rule 7.1.

The grant of Incentive Options will only fall within exception 9(b) of ASX Listing Rule 7.2 if the Incentive Options are issued under an employee incentive option plan approved by shareholders within three years before the date of issue.

If Resolution 4 is passed, the Company will have the ability to issue Incentive Options to Eligible Participants under the Plan over a period of three years without impacting on the Company’s 15% annual placement capacity under ASX Listing Rule 7.1.

The Directors and employees of the Company have been, and will continue to be, instrumental in the growth of the Company. The Directors consider that the Plan is an appropriate method to:

- (a) reward Directors and employees for their past performance;
- (b) provide long term incentives for participation in the Company’s future growth;
- (c) motivate Directors and generate loyalty from senior employees; and
- (d) assist to retain the services of valuable Directors and employees.

The Plan will be used as part of the remuneration planning for executive Directors and employees. The Corporate Governance Council Guidelines recommend that executive remuneration packages involve a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the company’s circumstances and goals. The Plan will also be used as part of the remuneration planning for non-executive Directors. Although this is not in accordance with the recommendations contained in the Corporate Governance Council Guidelines, the Company considers that it is appropriate for non-executive Directors to participate in the Plan given the size of the Company.

The key terms of the Plan are summarised in Appendix B to this Explanatory Statement. A full copy of the Plan is available for inspection at the Company’s registered office until the date of the Meeting.

No Incentive Options have been issued under the Plan.

6. Resolution 5 – Ratification of Previous Issue of Options to Employee

Background

On 7 July 2011, the Company issued 250,000 Options to Mr Ryan Broom, an employee and Company Secretary of the Company. Mr Broom is not a related party of the Company.

Resolution 5 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Options.

A summary of ASX Listing Rule 7.1 is set out in Section 4 above.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

Technical Information required by ASX Listing Rule 7.4

Pursuant to and in accordance with ASX Listing Rule 7.5 the following information is provided in relation to the Options:

- (a) The total number of Options issued was 250,000;
- (b) The Options were issued for nil cash consideration;
- (c) The exercise prices and expiry dates of the Options were as follows:
 - o 83,333 Options exercisable at \$0.35 on or before 30 June 2014;
 - o 83,333 Options exercisable at \$0.45 on or before 30 June 2014; and
 - o 83,334 Options exercisable at \$0.55 on or before 30 June 2014;

The Options were otherwise issued on the terms set out in Appendix C;

- (d) The Options were issued to Mr Ryan Broom; and
- (e) No funds were raised from the issue of the Options as the Options were issued for nil cash consideration.

7. Resolution 6 – Ratification of Previous Issue of Options to Consultant

Background

On 7 July 2011, the Company issued 500,000 Options to Mr Chalamaiah Kondragunta as remuneration for consultancy services provided. Mr Kondragunta is not a related party of the Company.

Resolution 6 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Options.

A summary of ASX Listing Rule 7.1 is set out in Section 4 above.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

Technical Information required by ASX Listing Rule 7.4

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the Options:

- (a) The total number of Options issued was 500,000;
- (b) The Options were issued for nil cash consideration as remuneration for consultancy services provided;
- (c) The exercise prices and expiry dates of the Options were as follows:
 - o 166,667 Options exercisable at \$0.35 on or before 30 June 2014;
 - o 166,667 Options exercisable at \$0.45 on or before 30 June 2014; and
 - o 166,666 Options exercisable at \$0.55 on or before 30 June 2014;

The Options were otherwise issued on the terms set out in Appendix C;

- (d) The Options were issued to Mr Chalamaiah Kondragunta and
- (e) No funds were raised from the issue of the Options as the Options were issued for nil cash consideration.

Glossary

In this Explanatory Statement, the following terms have the following meanings unless the context otherwise requires:

Annual General Meeting	The Annual General Meeting convened by the Notice of Meeting
ASIC	Australian Securities and Investments Commission
Associates	Has the meaning given to it in Section 9 of the Corporations Act
ASX	ASX Limited ABN 98 008 624 691 and, where the context permits, the Australian Securities Exchange operated by ASX Limited
ASX Listing Rules	The Listing Rules of ASX
Board	The Board of Directors of the Company
Chair or Chairman	Mr Michael Griffiths or such other person appointed chairman in accordance with the Constitution
Closely Related Party of a member of the Key Management Personnel	Means: (a) a spouse or child of the member; (b) a child of the member's spouse; (c) a dependent of the member or the member's spouse; (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity; (e) a company the member controls; or (f) a person prescribed by the Corporations Regulations 2001 (Cth).
Company	Mozambi Coal Limited ACN 106 353 253
Constitution	The constitution of the Company
Corporations Act	<i>Corporations Act 2001 (Cth)</i>
Director	A director of the Company
Explanatory Statement	The information attached to the Notice, which provides information to Shareholders about the Resolutions contained in the Notice
Key Management Personnel	Has the same meaning as in the accounting standards and broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company.
Notice or Notice of Meeting	This notice of general meeting including the Explanatory Statement and the Proxy Form
Option	An option to acquire a Share
Remuneration Report	The remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 30 June 2011.
Share	Fully paid ordinary share in the capital of the Company
Shareholder	A holder of a Share

APPENDIX A: TERMS OF OPTIONS ISSUED TO POLO RESOURCES PLC

The Options entitle the holder to subscribe for shares in the capital of the Company on the following terms and conditions:

- (a) Each Option gives the optionholder the right to subscribe for one (1) Share.
- (b) The Options will expire at 5.00pm (WST) on 22 July 2013 (Expiry Date). Any Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (c) The amount payable upon exercise of each Option will be A\$0.30 (Exercise Price).
- (d) The Options held by the optionholder may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion.
- (e) The optionholder may exercise its Options by lodging with the Company, before the Expiry Date:
 - (i) a written notice of exercise of Options specifying the number of Options being exercised (Exercise Notice); and
 - (ii) a cheque or electronic funds transfer for the Exercise Price for the number of Options being exercised.
- (f) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
- (g) Within 10 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will allot the number of Shares required under these terms and conditions in respect of the number of Options specified in the Exercise Notice.
- (h) The Options are not transferable.
- (i) All Shares allotted upon the exercise of Options will upon allotment rank *pari passu* in all respects with other Shares.
- (j) The Company will not apply for quotation of the Options on ASX. However, The Company will apply for quotation of all Shares allotted pursuant to the exercise of Options on ASX.
- (k) If at any time the issued capital of the Company is reconstructed, all rights of the optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
- (l) There are no participating rights or entitlements inherent in the Options and the optionholder will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 6 Business Days after the issue is announced. This will give the optionholders the opportunity to exercise its Options prior to the date for determining entitlements to participate in any such issue.
- (m) An Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the Option can be exercised.

APPENDIX B: EMPLOYEE INCENTIVE OPTION PLAN

On 10 October 2011, the Board adopted an Employee Incentive Option Plan to allow Eligible Participants to be granted Incentive Options to acquire Shares in the Company, the principle terms of which are summarised below.

- (a) **Eligibility and Grant of Incentive Options:** The Board may grant Incentive Options to any full or part time employee or Director of the Company or an associated body corporate. Incentive Options may be granted by the Board at any time.
- (b) **Consideration:** Each Incentive Option issued under the Plan will be issued for nil cash consideration.
- (c) **Conversion:** Each Incentive Option is exercisable into one Share in the Company ranking equally in all respect with the existing issued Shares in the Company.
- (d) **Exercise Price and Expiry Date:** The exercise price and expiry date for Incentive Options granted under the Plan will be determined by the Board prior to the grant of the Incentive Options.
- (e) **Exercise Restrictions:** The Incentive Options granted under the Plan may be subject to conditions on exercise as may be fixed by the Directors prior to grant of the Incentive Options (**Exercise Conditions**). Any restrictions imposed by the Directors must be set out in the offer for the Incentive Options.
- (f) **Lapsing of Incentive Options:** Subject to the terms of the Offer made to a Participant, an unexercised Incentive Option will lapse:
 - (i) on its Expiry Date;
 - (ii) if any Exercise Condition is unable to be met; and
 - (iii) subject to certain exceptions, on the eligible participant ceasing employment with the Company.
- (g) **Share Restriction Period:** Shares issued on the exercise of Incentive Options may be subject to a restriction that they may not be transferred or otherwise dealt with until a Restriction Period has expired, as specified in the offer for the Incentive Options.
- (h) **Disposal of Options:** Incentive Options will not be transferable and will not be quoted on the ASX, unless the offer provides otherwise or the Board in its absolute discretion approves.
- (i) **Trigger Events:** The Company may permit Incentive Options to be exercised in certain circumstances where there is a change in control of the Company (including by takeover) or entry into a scheme of arrangement.
- (j) **Participation in Rights Issues and Bonus Issues:**
 - (i) There are no participating rights or entitlements inherent in the Incentive Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Incentive Options.
 - (ii) The Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least six (6) Business Days after the issue is announced. This will give Option holders the opportunity to exercise their Incentive Options prior to the date for determining entitlements to participate in any such issue.
 - (iii) If the Company makes a pro rata issue of securities (except a bonus issue) to the holders of Shares (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) the Option Exercise Price shall be reduced according to the formula specified in the Listing Rules.

- (iv) In the event of a bonus issue of Shares being made pro-rata to Shareholders, (other than an issue in lieu of dividends), the number of Shares issued on exercise of each Option will include the number of bonus Shares that would have been issued if the Option had been exercised prior to the record date for the bonus issue. No adjustment will be made to the exercise price per Share of the Option.
- (k) **Reorganisation:** The terms upon which Incentive Options will be granted will not prevent the Incentive Options being re-organised as required by the Listing Rules on the re-organisation of the capital of the Company.
- (l) **Limitations on Offers:** The Company must take reasonable steps to ensure that the number of Shares to be received on exercise of Incentive Options offered under an offer when aggregated with:
 - (i) the number of Shares that would be issued if each outstanding offer for Shares, units of Shares or options to acquire Shares under the Plan or any other employee share scheme of the Company were to be exercised or accepted; and
 - (ii) the number of Shares issued during the previous 5 years from the exercise of Incentive Options issued under the Plan (or any other employee share plan of the Company extended only to Eligible Participants),

does not exceed 5% of the total number of Shares on issue at the time of an offer (but disregarding any offer of Shares or option to acquire Shares that can be disregarded in accordance with ASIC Class Order 03/184.

APPENDIX C: TERMS OF OPTIONS ISSUED TO MR RYAN BROOM AND MR CHALAMAIAH KONDRAGUNTA

The Options entitle the holder (**Optionholder**) to subscribe for Shares on the following terms and conditions:

- (a) Each Option gives the Optionholder the right to subscribe for one Share. To obtain the right given by each Option, the Optionholder must exercise the Options in accordance with the terms and conditions of the Options.
- (b) The Options will expire at 5:00pm (WST) on 30 June 2014 (**Expiry Date**). Any Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (c) The amount payable upon exercise of each Option will be the relevant amount set out in Section 6 and section 7 (as applicable) of the Explanatory Statement (**Exercise Price**).
- (d) The Options held by each Optionholder may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion.
- (e) An Optionholder may exercise their Options by lodging with the Company, before the Expiry Date:
 - (i) a written notice of exercise of Options specifying the number of Options being exercised; and
 - (ii) a cheque or electronic funds transfer for the Exercise Price for the number of Options being exercised, (**Exercise Notice**).
- (f) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
- (g) Within 10 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will allot the number of Shares required under these terms and conditions in respect of the number of Options specified in the Exercise Notice.
- (h) Subject to the Corporations Act, the Listing Rules and the Company's Constitution, the Options are freely transferable.
- (i) All Shares issued upon exercise of the Options will rank pari passu in all respects with the Company's then issued Shares. The Company will apply for quotation of all Shares issued upon exercise of the Options on ASX.
- (j) If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
- (k) There are no participating rights or entitlements inherent in the Options and Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 6 Business Days after the issue is announced. This will give Optionholders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.
- (l) An Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the Option can be exercised.

MOZAMBI COAL LIMITED

ACN 106 353 253

PROXY FORM

The Company Secretary
Mozambi Coal Limited

By delivery:

Unit 2, 150 Stirling Hwy
Nedlands WA 6009 Australia

By post:

C/- Advanced Share Registry Services
PO Box 1156
Nedlands WA 6909 Australia

By facsimile:

(within Australia) (08) 9389 7871
(outside Australia) +618 9389 7871

I/We ¹ _____

of ² _____

being a Shareholder/Shareholders of the Company and entitled to _____

votes in the Company, hereby appoint ³ _____

or failing such appointment the chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the General Meeting of the Company to be held at 10.00 am on 16 November 2011 (WST) at The Park Business Centre, 45 Ventnor Avenue, West Perth, Western Australia and at any adjournment thereof in the manner indicated below or, in the absence of indication, as he thinks fit. If 2 proxies are appointed, the proportion or number of votes this proxy is authorised to exercise is * [] % of the Shareholder's votes*/ [] of the Shareholder's votes. (An additional Proxy Form will be supplied by the Company, on request).

INSTRUCTIONS AS TO VOTING ON THE RESOLUTIONS

The proxy is to vote for or against the Resolutions referred to in the Notice as follows:

		For	Against	Abstain
Resolution 1	Adoption of Remuneration Report	☐	☐	☐
Resolution 2	Re-election of Director – Mr Robert Hemphill	☐	☐	☐
Resolution 3	Ratification of Previous Issue of Shares and Options to Polo Resources Plc	☐	☐	☐
Resolution 4	Adoption of Incentive Option Plan	☐	☐	☐
Resolution 5	Ratification of Previous Issue of Options to Employee	☐	☐	☐
Resolution 6	Ratification of Previous Issue of Options to Consultant	☐	☐	☐

If the Chair of the meeting is appointed as your proxy, or may be appointed by default and you do not wish to direct your proxy how to vote as your proxy in respect of Resolutions 1, 2, 3, 4, 5 and 6, please place a mark in this box. ☐

By marking this box, you acknowledge that the Chair of the meeting may exercise your proxy even if he has an interest in the outcome of Resolution 4 and that votes cast by the Chair of the meeting for that resolution other than as proxy holder will be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chair will not cast your vote on Resolution 4 and your vote will not be counted in calculating the required majority if a poll is called on the Resolution.

Important for Resolution 1: If the Chair of the Meeting or any member of the Key Management Personnel of the Company or a Closely Related Party of a member of the Key Management Personnel of the Company is your proxy and you have not directed the proxy to vote on Resolution 1, the proxy will be prevented from casting your votes on Resolution 1. If the Chair, another member of the Key Management Personnel of the Company or Closely Related Party of a member of the Key Management Personnel is your proxy, in order for your votes to be counted on Resolution 1, you must direct your proxy how to vote on Resolution 1.

Important information for Resolution 4: If the Chair of the Meeting is appointed as your proxy, or may be appointed by default, and you do not wish to direct your proxy how to vote as your proxy in respect of Resolution 4, please be aware that by signing this form you are taken to expressly authorise the Chair of the Meeting to exercise your proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel of the Company.

The Chair of the Meeting intends to vote undirected proxies in favour of each of Resolutions 2, 3, 4, 5 and 6 and will not cast undirected proxies on Resolution 1.

Authorised signature/s This section **must** be signed in accordance with the instructions overleaf to enable your voting instructions to be implemented.

Individual or Shareholder 1 	Shareholder 2 	Shareholder 3
Sole Director / Sole Company Secretary	Director	Director/Company Secretary

Contact Name Contact Daytime Telephone Date

¹Insert name of shareholder ²Insert address of shareholder ³Insert name and address of proxy *Omit if not applicable

Proxy Notes:

A Shareholder entitled to attend and vote at the Meeting may appoint a person or a corporation as the Shareholder's proxy to attend and vote for the Shareholder at that Meeting. If the Shareholder is entitled to cast 2 or more votes at the Meeting the Shareholder may appoint not more than 2 proxies. Where the Shareholder appoints more than one proxy the Shareholder may specify the proportion or number of votes each proxy is appointed to exercise. If such proportion or number of votes is not specified each proxy may exercise half of the Shareholder's votes. A proxy may, but need not be, a Shareholder of the Company.

If a Shareholder appoints a corporation as the Shareholder's proxy to attend and vote for the Shareholder at that meeting, the representative of the corporation to attend the meeting must produce the appropriate Certificate of Appointment of Representation prior to admission. A form of the certificate may be obtained from the Company's share registry.

You must sign this form as follows in the spaces provided:

- Joint Holding: where the holding is in more than one name all of the holders must sign.
- Power of Attorney: if signed under a Power of Attorney, you must have already lodged it with the registry, or alternatively, attach a certified photocopy of the Power of Attorney to this Proxy Form when you return it.
- Companies: a Director can sign jointly with another Director or a Company Secretary. A sole Director who is also a sole Company Secretary can also sign. Please indicate the office held by signing in the appropriate space.

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Representative" should be produced prior to admission. A form of the certificate may be obtained from the Company's Share Registry.

Proxy Forms (and the power of attorney or other authority, if any, under which the Proxy Form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the Proxy Form (and the power of attorney or other authority) must be deposited at or received by facsimile transmission at the office of the Company's registrar, Advanced Share Registry (Unit 2 150 Stirling Highway, Nedlands, WA 6009, or by post to PO Box 1156 Nedlands, WA 6909 or Facsimile (08) 9389 7871 if faxed from within Australia or +618 9389 7871 if faxed from outside Australia) not less than 48 hours prior to the time of commencement of the Meeting (WST).

New sections 250BB and 250BC of the Corporations Act came into effect on 1 August 2011 and apply to voting by proxy on or after that date. Shareholders and their proxies should be aware of these changes to the Corporations Act, as they will apply to this Annual General Meeting. Broadly, the changes mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes is set out below.

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, if it does:

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands; and
- if the proxy is the Chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- if the proxy is not the Chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

Transfer of non-Chair proxy to Chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the Chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
 - o the proxy is not recorded as attending the meeting;
 - o the proxy does not vote on the resolution,

the Chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.