COAL of AFRICA LIMITED

A B N 98 008 905 388

FINANCIAL REPORT
FOR THE HALF YEAR ENDED
31 DECEMBER 2015

CORPORATE DIRECTORY

REGISTERED OFFICE	Suite 8, 7 The Esplanade Mt Pleasant, Perth, WA 6153 Telephone: +61 8 9316 9100 Facsimile: +61 8 9316 5475 Email: perth@coalofafrica.com
SOUTH AFRICAN OFFICE	South Block Summercon Office Park Cnr Rockery Lane and Sunset Avenue Lonehill Telephone: +27 10 003 8000 Facsimile: +27 11 388 8333
BOARD OF DIRECTORS	**Non-executive** Bernard Pryor (Chairman) Andrew Mifflin Khomotso Mosehla Peter Cordin Rudolph Torlage Thabo Mosololi **Executive** David Brown De Wet Schutte
COMPANY SECRETARY	Tony Bevan

	AUSTRALIA	UNITED KINGDOM	SOUTH AFRICA
AUDITORS	**Deloitte Touche Tohmatsu** Tower 2 Brookfield Place 123 St Georges Terrace Perth WA 6000 Australia	**N/A**	**Deloitte & Touche** Deloitte Place Building 1 The Woodlands 20 Woodlands Drive Woodmead 2052 South Africa
BANKERS	**National Australia Bank Limited** Level 1, 1238 Hay Street West Perth WA 6005 Australia	**Investec Bank plc** 2 Gresham Street London EC2V 7QP United Kingdom	**ABSA Bank** The Podium Norton Rose Building 15 Alice Lane Sandton South Africa

CORPORATE DIRECTORY (CONTINUED)

	AUSTRALIA	UNITED KINGDOM	SOUTH AFRICA
BROKERS	**Euroz Securities Limited** Level 18, Alluvion 58 Mounts Bay Road Perth WA 6000 Australia	**Mirabaud** 21 St James' Street London SW1Y 4JP United Kingdom	**N/A**
LAWYERS	**Squire Patton Boggs (AU)** Level 21 300 Murray Street Perth WA 6000 Australia	**Squire Patton Boggs (UK) LLP** 2 Park Lane Leeds LS3 1 ES United Kingdom	**Edward Nathan Sonnenbergs** 150 West Street Sandton Johannesburg 2196 South Africa
NOMAD/ CORPORATE SPONSOR	**N/A**	**Peel Hunt LLP** Moor House 120 London Wall London EC2Y 5ET United Kingdom	**Investec Bank Limited** 100 Grayston Drive Sandown 2196 Johannesburg South Africa

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The reports and statements set out below comprise the half-year report presented to shareholders:

The Directors of Coal of Africa Limited ("CoAL" or "the Company") submit herewith the financial report of Coal of Africa Limited and its subsidiaries ("the Group") for the half-year ended 31 December 2015. All amounts are expressed in US Dollars unless stated otherwise.

In order to comply with the provision of the Corporations Act 2001, the directors report as follows:

Directors

The names of the directors of the company during or since the end of the half-year are:

Bernard Pryor* (Chairman)
Andrew Mifflin*
Rudolph Torlage*
Peter Cordin*
Khomotso Mosehla*
Thabo Mosololi*
David Brown**
De Wet Schutte**

* - Non-executive director
** - Executive director

The above named directors held office during and since the end of the half-year.

Review of Operations

Principal activity and nature of operations

The principal activity of the Company and its subsidiaries is the exploration and development of coking and thermal coal properties in South Africa.

The Company's principal coking and thermal coal assets and projects include:

- The Vele Colliery, on care and maintenance, a coking and thermal colliery;
- The Makhado Project, a coking and thermal coal project;
- Four exploration stage coking and thermal coal projects, namely Chapudi, Generaal, Makhado extension and Mopane, in the Soutpansberg Coalfield (the GSP project); and
- The Mooiplaats Colliery currently on care and maintenance and subject to a formal sale process.

The Company's focus on safety continued and no lost time incidents ("LTIs") were recorded during the six months (FY2015 H2: nil).

Vele Colliery - Limpopo (Tuli) Coalfield (100% owned)

The Vele coking and thermal coal colliery ("Vele Colliery") recorded no LTIs during the period.

The original Vele Colliery Integrated Water Usage Licence ("IWUL"), valid until March 2016, has been renewed for a further 20 years, and also amended in line with the requirements for the Plant Modification Project (PMP) at the Colliery.

During H2 2015, the Company commenced a process to obtain approval relating to a non-perennial stream diversion. This decision is anticipated in H2 2016. Once this regulatory approval in respect of the Colliery has been received, the final decision to proceed with the PMP will be placed before the board, which will include an assessment of forecast global coal prices.

Makhado Coking Coal Project (74% owned)

As required under South African mining legislation, a minimum 26% black economic empowerment ("BEE") shareholding is required for mining and exploration projects. CoAL previously signed a Memorandum of Agreement to enable a Broad Based Black Economic Empowerment consortium comprising seven local communities to acquire a 20% interest in the Makhado Project and during the period the Company continued the process of identifying suitable BEE shareholders to acquire a further 6% interest in the project. These transactions have been formalised and will ensure that the Makhado Project has the requisite ownership structure.

Subject to the results of FEED/development funds being acquired, Makhado's 26-month construction phase is expected to begin during H2 CY2016, with a further four month ramp-up phase resulting in the production of 5.5 million tonnes per annum

("Mtpa") of saleable product. During Q2 FY2016 the optimisation study and The Front-End Engineering Design ("FEED") was awarded to the International engineer and project delivery group DRA. The study follows on the original works performed by DRA during the Definitive Feasibility Study completed in 2013 and includes the infrastructure components of the project, and also the integration of the work of a number of specialist consultants.

The Company has officially been granted an IWUL for a period of 20 years concluding all regulatory approvals for the Makhado Project. The award of the IWUL for Makhado further signifies government's commitment to the flagship project, and its potential to foster socio economic transformation.

An interim court interdict seeking to halt any mining or construction activity was issued against the Makhado Project during Q2 FY2014. The matter was heard in the North Gauteng High Court on 3 December 2015 with judgement handed down on Tuesday 8 December 2015 on two matters. The first relates to the condition to compel CoAL to conduct a Strategic Regional Impact Assessment and secondly a review of the Environmental Authorisation. The condition compelling CoAL to conduct a Strategic Regional Impact Assessment has been set aside. The interim interdict against the Environmental Authorisation remains in place pending the review of the authorisation.

CoAL does not anticipate at this time that the process will affect Makhado's construction timetable.

Greater Soutpansberg Project (MbeuYashu) (74% owned)

The MbeuYashu Project recorded no LTIs during the period.

Mooiplaats Colliery - Ermelo Coalfield (74% owned)

The Mooiplaats thermal coal colliery was placed on care and maintenance during the September 2013 quarter and recorded no LTIs during the period (FY2016 Q1: nil).

During the quarter the Company continued discussions with potential purchasers and is assessing options regarding a transaction at the colliery.

Corporate

Baobab Mining and Exploration (Proprietary) Limited ("Baobab")

During the period the Company entered into a non-binding Memorandum of Understanding ("MOU") with Qingdao Hengshun Zhongsheng Group Co Ltd ("Hengshun") with respect to a proposed equity investment in Baobab, a subsidiary of CoAL. Baobab is the legal owner of the mining right for the Makhado Project. Hengshun is an industrial conglomerate incorporated in Qingdao, Shandong Province, China and listed on the Shenzen Stock Exchange.

The current MOU includes the following commercial considerations:

1) Hengshun proposes to acquire up to 34% of Baobab at a mutually agreed consideration. The preliminary terms of negotiation between both parties are based on an indicative cash acquisition price of approximately $113.94 million which implies a Makhado Project value of at least $335 million. The final transaction valuation would be subject to both parties' negotiation, a valuation report issued by an internationally reputable accounting firm and the conclusion of a formal subscription and sale agreement between both parties.
2) The proposed equity investment is subject to an Engineering, Procurement and Construction contract ("EPC") being awarded to Hengshun. The value of the EPC contract is approximately $400 million, but will be confirmed by the completion of a FEED which will be completed in H1 CY 2016.
3) The equity investment is subject to a formal due diligence process as well as approval of the transaction from both the CoAL and Hengshun boards of directors.
4) The 34% equity investment will entitle Hengshun to nominate a to be agreed number of directors to the board of Baobab, but the effective management of Baobab and operatorship of the Makhado project will remain the responsibility of CoAL.
5) A debt package may also be provided by Hengshun on commercial arm's length terms.
6) Hengshun has the right to match any alternative proposals for the provision of the mining contract.
7) The MOU is a non-binding document which is also subject to CoAL shareholder and any other necessary regulatory approvals.

Universal Coal Plc ("Universal")

In November 2015 the Company announced the terms of a recommended Offer to be made by CoAL for the acquisition of Universal Coal Plc ("Universal"). The Company had previously communicated its intention to acquire a cash generating project to boost the Company cash flow during the construction of the Makhado Project. The Universal transaction has been identified as a value enhancing investment and will provide the enlarged group with immediate coal production and cash flow as well as a diversified portfolio of production, development and exploration projects with expected synergies to the existing CoAL business. Successful completion of the Offer will create a balanced and focused South African coal miner.

CoAL has received signed statements of intent to accept the Offer from Universal Shareholders (including the Independent Universal Directors) in respect of 202 768 708 Universal Shares, representing 40.1 percent of Universal's total issued share capital, including Coal Development Holdings B.V., Universal's second largest shareholder with an interest of approximately 28.4% of Universal's total issued share capital. Each of these Universal Shareholders has also stated their intention to elect for the Loan Note Alternative in respect of their entire holding of Universal Shares. The Company has agreed that it requires a minimum of 50.1% acceptance of the offer in order for the acquisition to be committed.

On 3 March 2016, at the general meeting of CoAL shareholders, the necessary resolutions were passed approving the acquisition of Universal.

The transaction is expected to close on 15 April 2016.

Yishun Brightrise Investment PTE Limited ("Yishun")

In September 2015, Yishun subscribed for 183, 231, 261 shares in Coal for GBP9,436,663 ($14.5 million). The Company and Yishun have also entered into a Loan Agreement in terms of which Yishun has agreed to lend the Company $10 million. The loan bears no interest and is repayable in certain circumstances.

Financial review

The loss for the six months under review was $14.3 million, or 0.76 cents per share compared to a loss of $0.8 million, or 0.07 cents per share for the prior corresponding period.

The loss for the period under review of $14.3 million (H1 2014: $0.8 million) includes:

- net foreign exchange loss of $9.4 million (2014: profit of $14.3 million) arising from the translation of inter-group loan balances, borrowings and cash due to changes in the ZAR:USD and AUD:USD exchange rates during the period;
- employee benefit expense of $2.0 million (2014 expense: $2.5 million) due to the issue of share options
- other expenses of $3.2 million (2014: $10.8 million) was lower due to exceptional expenses incurred in the prior period for the liquidation of EVOC and Greenstone which resulted in a $3.7 million write-off of loans due to CoAL and penalties incurred of $0.6 million for the Envi Coal legal case;
- depreciation of $0.2 million (2014: $0.3 million) and amortisation of $0.4 million (2014: $0.5 million).

As at 31 December 2015, the Company had cash and cash equivalents of $30.0 million compared to cash and cash equivalents of $17.8 million at 30 June 2015.

Authorised and issued share capital

CoAL had 1,927,001,328 fully paid ordinary shares in issue as at 31 December 2015. The holders of ordinary shares are entitled to one vote per share and are entitled to receive dividends when declared.

Dividends

No dividends were declared or paid during the six months.

Highlights and events after the reporting period

In January 2016, the IWUL for Vele Colliery in the Limpopo Province was renewed for a further twenty years and the IWUL for the Makhado Projected was granted for a period of 20 years.

In terms of the Company's recommended offer for Universal, the terms of the offer was varied to extend the offer period to 15 April 2016. On 3 March 2016, at the general meeting of CoAL shareholders, the necessary resolutions approving the acquisition of Universal were passed. In addition, as at 3 March 2016, acceptances of the offer from Universal Shareholders (including Universal CDI Holders) representing 269,570,685 Universal Shares, equating to approximately 53.20% of the total number of Universal Shares in issue were received, satisfying the condition to the offer set out in paragraph 1(a) of Part A of Appendix VI of the Offer Document.

On 3 March 2016, CoAL and its subsidiary company MbeuYashu Proprietary Limited ("MbeuYashu") received a notice from Rio Tinto Minerals Development Limited ("Rio Tinto") and Kwezi Mining Proprietary Limited, alleging that CoAL is in breach of an obligation under the agreements pursuant to which MbeuYashu acquired interests in Chapudi Coal Proprietary Limited and Kwezi Mining Exploration Proprietary Limited and therefore all amounts owed by CoAL and MbeuYashu are now due for payment.

CoAL is in the process of challenging the validity of the notice.

The original amount owed by CoAL and MbeuYashu was $75 million. Currently a total of $19 million is owing and CoAL and MbeuYashu have met and are meeting all their payment obligations, with final settlement to be made on 15 June 2017.

Rounding off of amounts

The Company is a company of the kind referred to in ASIC Class Order 98/100, date 10 July 1998, and in accordance with that Class Order amounts in the directors' report and the half-year financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

Auditor's Independence Declaration

The auditor's independence declaration is included on page 26 of the half-year report.

The half-year report set out on pages 8 to 24, which has been approved on the going concern basis, was approved by the board on 14 March 2016 and was signed on its behalf by:

Bernard Robert Pryor	**David Hugh Brown**
Chairman	Chief Executive Officer
14 March 2016	14 March 2016

Dated at Johannesburg, South Africa, this 14th day of March 2016.

COAL OF AFRICA LIMITED
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

	Note	Six months ended 31 Dec 2015 $'000	Six months ended 31 Dec 2014 $'000
Continuing operations			
Revenue		-	2
Cost of sales		-	-
Gross profit		-	2
Depreciation and amortisation		(614)	(790)
Foreign exchange (loss)/profit	4	(9,369)	14,292
Employee benefits expense		(2,036)	(2,532)
Other expenses	4	(3,168)	(10,761)
Operating lease expenses		(97)	(114)
Other income		335	249
Operating (loss)/profit		(14,949)	346
Interest income		327	250
Finance costs		(384)	(716)
Loss before tax		(15,006)	(120)
Income tax credit		1,067	-
Net loss for the period from continuing operations		(13,939)	(120)
Operations held for sale			
Loss for the period from operations held for sale	8	(386)	(707)
LOSS AFTER TAX		(14,325)	(827)
Other comprehensive loss, net of income tax			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		(39,693)	(42,665)
Total comprehensive loss for the period		(54,018)	(43,492)
Loss for the period attributable to:			
Owners of the parent		(14,325)	(827)
Non-controlling interests		-	-
		(14,325)	(827)
Total comprehensive profit / (loss) attributable to:			
Owners of the parent		(54,018)	(43,492)
Non-controlling interests		-	-
		(54,018)	(43,492)
Loss per share	11		
From continuing operations and operations held for sale			
Basic (cents per share)		0.77	0.07
Diluted (cents per share)		0.76	0.07
From continuing operations			
Basic (cents per share)		0.75	0.01
Diluted (cents per share		0.74	0.01

The accompanying notes are an integral part of these condensed consolidated financial statements

COAL OF AFRICA LIMITED
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

	Note	31 Dec 2015 $'000	30 June 2015 $'000
ASSETS			
Non-current assets			
Development, exploration and evaluation assets	7	192,121	232,813
Property, plant and equipment		12,722	16,259
Intangible assets		10,710	11,682
Other receivables		1,140	1,746
Other financial assets		5,624	3,411
Restricted cash	12	808	1,023
Deferred tax assets		4,143	2,320
Total non-current assets		227,268	269,254
Current assets			
Inventories		192	236
Trade and other receivables		878	792
Other financial assets		380	468
Cash and cash equivalents	12	30,025	17,759
		31,475	19,255
Assets classified as held for sale	8	13,917	18,118
Total current assets		45,392	37,373
Total assets		272,660	306,627
LIABILITIES			
Non-current liabilities			
Deferred consideration	9	17,013	15,422
Provisions		3,604	5,733
Total non-current liabilities		20,617	21,155
Current liabilities			
Deferred consideration	9	1,200	3,265
Trade and other payables		2,197	2,719
Borrowings	10	10,000	-
Provisions		314	294
Current tax liabilities		1,225	1,285
		14,936	7,563
Liabilities associated with assets held for sale	8	2,435	3,354
Total current liabilities		17,371	10,917
Total liabilities		37,988	32,072
NET ASSETS		234,672	274,555
EQUITY			
Issued capital	6	1,006,437	992,374
Accumulated deficit		(729,958)	(718,081)
Reserves		(42,382)	(313)
Equity attributable to owners of the parent		234,097	273,980
Non-controlling interests		575	575
TOTAL EQUITY		234,672	274,55

The accompanying notes are an integral part of these condensed consolidated financial statements

COAL OF AFRICA LIMITED

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

	Issued capital $'000	Accumulated deficit $'000	Share based payment reserve $'000	Capital profits reserve $'000	Foreign currency translation reserve $'000	Attributable to owners of the parent $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 July 2015	992,374	(718,081)	7,205	91	(7,609)	273,980	575	274,555
Total comprehensive loss for the period	-	(14,325)	-	-	(39,693)	(54,018)	-	(54,018)
Loss for the period – continuing operations	-	(13,939)	-	-	-	(13,939)	-	(13,939)
Loss for the period – operations held for sale	-	(386)	-	-	-	(386)	-	(386)
Other comprehensive loss, net of tax	-	-	-	-	(39,693)	(39,693)	-	(39,693)
Shares issued for capital raising	14,895	-	-	-	-	14,895	-	14,895
Share issue costs	(832)	-	-	-	-	(832)	-	(832)
Share based payments	-	-	154	-	-	154	-	154
Share options cancelled or lapsed	-	-	(82)	-	-	(82)	-	(82)
Share options expired	-	2,448	(2,448)	-	-	-	-	-
Balance at 31 December 2015	1,006,437	(729,958)	4,829	91	(47,302)	234,097	575	234,672
Balance at 1 July 2014	935,891	(790,964)	82,464	91	52,263	279,745	575	280,320
Total comprehensive loss for the period	-	(827)	-	-	(42,665)	(43,492)	-	(43,492)
Loss for the period – continuing operations	-	(120)	-	-	-	(120)	-	(120)
Loss for the period – operations held for sale	-	(707)	-	-	-	(707)	-	(707)
Other comprehensive loss, net of tax	-	-	-	-	(42,665)	(42,665)	-	(42,665)
	935,891	(791,791)	82,464	91	9,598	236,253	575	236,828
Shares issued for capital raising	47,811	-	-	-	-	47,811	-	47,811
Share issue costs	(2,307)	-	-	-	-	(2,307)	-	(2,307)
Share based payments	-	-	1,481	-	-	1,481	-	1,481
Share options expired	-	79,451	(79,451)	-	-	-	-	-
Balance at 31 December 2014	981,395	(712,340)	4,494	91	9,598	283,238	575	283,813

The accompanying notes are an integral part of these condensed consolidated financial statements

COAL OF AFRICA LIMITED

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

	Note	Six months ended 31 Dec 2015 $'000	Six months ended 31 Dec 2014 $'000
Cash Flows from Operating Activities			
Receipts from customers		124	883
Payments to employees and suppliers		(5,565)	(18,856)
Cash used in operations		(5,441)	(17,973)
Interest received		327	191
Interest paid		(384)	(656)
Income taxes paid		-	-
Net cash used in operating activities		(5,498)	(18,438)
Cash Flows from Investing Activities			
Purchase of property, plant and equipment		(75)	(20)
Proceeds on disposal of property plant and equipment		32	-
Decrease in restricted cash		-	4,073
Payments for exploration and evaluation assets		(143)	(72)
Increase in other financial assets		(3,000)	(985)
Payments for development assets		(14)	(692)
Net cash (used in)/generated from investing activities		(3,200)	2,304
Cash Flows from Financing Activities			
Proceeds from the issue of shares and options		14,541	47,811
Share issuance costs		(832)	(2,307)
Repayment of borrowings		-	(6,124)
Repayment of deferred consideration		(992)	(6,590)
Proceeds from borrowings		10,000	-
Net cash generated by financing activities		22,717	32,790
NET INCREASE IN CASH AND CASH EQUIVALENTS		14,019	16,656
Cash and cash equivalents at the beginning of the half-year		17,759	2,099
Foreign exchange differences		(1,753)	1,796
Cash and cash equivalents at the end of the half-year	12	30,025	20,551

The accompanying notes are an integral part of these condensed consolidated financial statements

1. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134: '*Interim Financial Reporting'*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 '*Interim Financial Reporting'*. The half-year report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report.

Basis of preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of financial instruments. Cost is based on the fair values of the consideration given in exchange for assets.

All amounts are presented in United States dollars, unless otherwise noted.

The company is a company of the kind referred to in ASIC Class Order 98/100, dated 10 July 1998, and in accordance with that Class Order amounts in the directors' report and the half-year financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 2015 annual financial report for the financial year ended 30 June 2015, except for the impact of the Standard and Interpretations described below. These accounting policies are consistent with the Australian Accounting Standards and with International Financial Reporting Standards ("IFRS").

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board ("the AASB") that are relevant to their operations and effective for the current reporting period.

New and revised Standards and amendments thereof and Interpretations effective for the current half-year that are relevant to the Group include:

- AASB 2015-3 *'Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality'*

Impact of the application of AASB 2015-3 'Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality'

Completes the withdrawal of references to AASB 1031 in all Australian Accounting Standards and Interpretations.

2. GOING CONCERN

These consolidated financial statements have been prepared on the going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the normal course of business.

The Consolidated Entity has incurred a net loss after tax for the half year ended 31 December 2015 of $14.3 million (31 December 2014: loss of $0.8 million), including a foreign exchange loss of $9.4 million and depreciation and amortisation charges of $0.6 million. During the six month period ended 31 December 2015 net cash outflows from operating activities were $5.1 million (31 December 2014 net outflow: $18.4 million) and net cash outflows from investing activities were $3.2 million (31 December 2014 net inflow: $2.3 million). As at 31 December 2015 the Consolidated Entity had a net current asset position of $16.5 million (30 June 2015: net current asset of $11.7 million), excluding assets and liabilities associated with assets held for sale.

The Company successfully completed a capital raising with Singapore-registered Yishun for GBP 9,436,663 ($14,540,813). A Loan Agreement was also entered into with Yishun for $10 million which is interest free and is only repayable under limited circumstances.

2. GOING CONCERN (continued)

The board of directors of the Company have made an offer for the acquisition of the entire issued and to be issued share capital of Universal, with the acquisition expected to be completed on or around 25 April 2016.

Under the terms of the offer, eligible Universal shareholders will be entitled to receive, for each Universal share held:

- AUD$0.20 in cash and 1 new Coal of Africa Limited share; or
- Subject to eligibility under applicable securities laws, a non-converting, secured loan note with a principal amount of AUD$0.25 per loan note.

Restricted Universal shareholders will not be entitled to participate in the cash and share offer but will instead be entitled to receive, for each Universal share held:

- AUD$0.25 in cash; or
- Subject to eligibility under applicable securities laws, a non-converting, secured loan note with a principal amount of AUD$0.25 per loan note.

The cash and share offer represents a total offer consideration comparable to AUD$0.25 per Universal share, based on AUD$0.20 in cash and 1 new Coal of Africa Limited share valued at AUD$0.05, and equates to an aggregate value of approximately AUD$126.4 million ($91 million) for the 505,685,447 Universal shares currently in issue.

The Loan Notes will have a maximum 18 month term and carry interest at a rate of 12.68% per annum for the first 12 months after the date of issue, and 15% per annum for the remainder of the term. The loan notes will be redeemable by the holder on the first anniversary of the date of issue and otherwise will be redeemed in full at the end of the 18 month term.

At the date of this report and considering the cash flows from the capital raising and the loan from Yishun, the Directors are confident that the Consolidated Entity will be able to continue as a going concern. Additionally, operating cash flows associated with Universal Coal's producing mines are expected to supplement the consolidated entity's cash position.

Based on the above facts the Directors believe it is appropriate that these consolidated financial statements be prepared on the going concern basis.

3. SEGMENT INFORMATION

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

Information reported to the Group's Chief Executive Officer ("CEO") for the purposes of resource allocation and assessment of performance is more specifically focused on the stage within the mining pipeline that the operation finds itself in. During the period, the CEO determined that it was more appropriate to review the operating results of the identified segments and make decisions about resources to be allocated to the segment and assess its performance from an entity perspective rather than a consolidated perspective. Accordingly, the presentation of the information has changed from the prior period for total assets. The prior period total assets have been restated to reflect the change.

The Group's reportable segments under AASB 8 are therefore as follows:

- Exploration;
- Development;
- Mining (discontinued operation)

The Exploration segment is involved in the search for resources suitable for commercial exploitation, and the determination of the technical feasibility and commercial viability of resources. As at 31 December 2015, projects within this reportable segment include three exploration stage coking and thermal coal complexes, namely:

- the Chapudi Complex (which comprises the Chapudi Project, the Chapudi West Project and the Wildebeesthoek Project);
- the Soutpansberg Complex (which comprises the Voorburg Project, the Mt Stuart Project and the Jutland Project);
- the Makhado Complex (comprising the Makhado Project, the Makhado Extension Project and the Generaal Project).

3. SEGMENT INFORMATION (continued)

The Development segment is engaged in establishing access to and commissioning facilities to extract, treat and transport production from the mineral reserve, and other preparations for commercial production. As at 31 December 2015 projects included within this reportable segment include the Vele Colliery, in the early operational and development stage.

The Mining segment is involved in day to day activities of obtaining a saleable product from the mineral reserve on a commercial scale and consists of the Mooiplaats Colliery. As of 30 June 2014, the Mooiplaats Colliery has been classified as operations held for sale.

The Group evaluates performance on the basis of segment profitability, which represents net operating (loss) / profit earned by each reportable segment.

Each reportable segment is managed separately because, amongst other things, each reportable segment has substantially different risks.

The Group accounts for intersegment sales and transfers as if the sales or transfers were to third parties, i.e. at current market prices.

The Group's reportable segments focus on the stage of project development and the product offerings of coal mines in production.

In order to reconcile the segment results with the consolidated statement of profit or loss and other comprehensive income the discontinuing operations should be deducted from the segment total and the corporate results (as per the reconciliation later in the note should be included).

The following is an analysis of the Group's results by reportable operating segment for the period under review:

For the six months ended 31 December 2015

	Continuing operations		**Discontinuing operations**	
	Exploration	**Development**	**Mining**	**Total**
Revenue	-	-	-	-
Cost of sales	-	-	-	-
Gross loss	-	-	-	-
Depreciation and amortisation	(34)	(24)	-	(58)
Foreign exchange profit / (loss)	(4,635)	-	2	(4,633)
Employee benefits expense	(53)	(174)	(142)	(369)
Other expenses	(188)	(530)	(271)	(989)
Operating lease expenses	(8)	-	(8)	(16)
Other income	-	1	2	3
Operating profit / (loss)	(4,918)	(727)	(417)	(6,062)
Interest income	-	-	32	32
Finance costs	(383)	-	(1)	(384)
Loss before tax	(5,301)	(727)	(386)	(6,414)

3. SEGMENT INFORMATION (continued)

For the six months ended 31 December 2014

	Continuing operations		Discontinuing operations	
	Exploration	**Development**	**Mining**	**Total**
Revenue	2	-	-	2
Cost of sales	-	-	(248)	(248)
Gross loss	2	-	(248)	(246)
Depreciation and amortisation	(37)	(33)	-	(70)
Foreign exchange profit / (loss)	(3,151)	-	3	(3,148)
Employee benefits expense	(63)	(225)	(180)	(468)
Other expenses	(109)	(3,396)	(280)	(3,785)
Operating lease expenses	(4)	-	(9)	(13)
Other income	4	-	6	10
Operating profit / (loss)	(3,358)	(3,654)	(708)	(7,720)
Interest income	-	31	59	90
Finance costs	(413)	(43)	(58)	(514)
Loss before tax	(3,771)	(3,666)	(707)	(8,144)

The following is an analysis of the Group's assets by reportable operating segment:

	31 Dec 2015 $'000	**Restated 30 June 2015 $'000**	**30 June 2015 $'000**
Exploration	72,846	90,085	124,715
Development	69,194	86,832	117,160
Total assets – continuing operations	142,040	176,917	241,875
Mining – discontinued operation	12,008	15,679	18,118
Total segment assets	154,048	192,596	259,993

Reconciliation of segment information to the consolidated financial statements:

	31 Dec 2015 $'000	**31 Dec 2014 $'000**
Total loss for reportable segments	(6,414)	(8,144)
Depreciation and amortisation	(556)	(719)
Foreign exchange (loss)/profit	(4,734)	17,443
Employee benefits expense	(1,809)	(2,244)
Other expenses	(2,450)	(7,258)
Operating lease expenses	29	(110)
Other income	215	245
Interest income	327	219
Finance costs	-	(259)
Loss for the period from operations held for sale	386	707
Loss before tax	(15,006)	(120)

3. SEGMENT INFORMATION (continued)

	31 Dec 2015 $'000	Restated 30 June 2015 $'000
Total segment assets	154,048	192,596
Corporate assets	729,178	867,407
Consolidation adjustments:		
Elimination of Investment in subsidiaries	(227,353)	(244,589)
Elimination of related party loans	(544,117)	(687,256)
Development, exploration and evaluation adjustments	221,884	258,010
Property, plant and equipment adjustments	(73,211)	(94,639)
Assets held for sale	13,917	18,118
Other	(1,686)	(3,020)
Total assets	272,660	306,627

4. RESULTS FOR THE PERIOD

Loss for the period from continuing operations has been arrived at after charging or (crediting):

	31 Dec 2015 $'000	31 Dec 2014 $'000
Foreign exchange (loss)/profit		
Unrealised	(9,291)	(16,175)
Realised	(78)	1,883
	(9,369)	(14,292)

Other expenses

Other expenses for the six months ended 31 December 2015 includes $24,000 (2014: Nil) related to the revaluation of investments, $261,000 (2014: $416,000) for environmental expenses, $358,000 (2014: Nil) for the impairment of the Tshikunda Mining Proprietary Limited investment, $513,000 (2014: Nil) relating to transaction costs for the offer by CoAL for Universal Coal Plc and social labour plan costs of $104,000 (2014: $2.7 million). In the prior period, there were additional expenses for the liquidation of EVOC and Greenstone which resulted in the loans being written of for $3.7 million.

5. DIVIDENDS

No dividend has been paid or is proposed in respect of the half-year ended 31 December 2015 (2014: Nil).

6. ISSUED CAPITAL

During the reporting period, YBI, subscribed for and were issued 183,231,261 CoAL shares for GBP 9,436,663 ($14,540,813). CoAL shares were also issued to Ndilo Mineral Resources Proprietary Limited ("Ndilo") and Basane Investment Holdings Proprietary Limited ("Basane") in terms of the Sale of shares and claims agreement entered into for Tshikunda Mining Proprietary Limited in March 2015. This agreement was an amendment to the Sale of Shares and claims agreement entered into in November 2007. In terms of the agreement, 201,454 shares were issued for a consideration of ZAR5,000,000 ($354,252). Ndilo was issued 120,872 shares and Basane was issued 80,582 shares.

6. ISSUED CAPITAL (continued)

	31 Dec 2015 $'000	30 June 2015 $'000
1,927,001,328 (2015: 1,743,568,613) fully paid ordinary shares	1,006,437	992,374
Movements in issued capital		
Opening balance	992,374	935,891
Shares issued for capital raising, net of costs	14,063	56,483
	1,006,437	992,374

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

Options

The following unlisted options to subscribe for ordinary fully paid shares are outstanding at 31 December 2015:

Number Issued	Exercise Price	Expiry Date
2,670,000	ZAR7.60	30 June 2016
3,932,928	ZAR1.75	30 June 2017
20,000,000*	ZAR1.32	21 October 2018
3,525,000	ZAR1.20	1 February 2019
3,525,000	ZAR1.32	1 February 2019
3,525,000	ZAR1.40	1 February 2019
40,000,000	ZAR0.30	1 June 2016
5,000,000	GBP0.055	26 November 2018

* Issued to Investec as part of the short term bridging facility and vest six months after granting.

On 27 November 2015, 14,174,528 Performance Rights were issued to senior management. The Performance Right factors in a hurdle rate based on the compound annual growth rate of total shareholder return across the period from the grant date, 27 November 2015, ending on 1 December 2018. The Performance Rights were valued using a hybrid employee share option pricing model to simulate the total shareholder return of CoAL at the expiry date using a Monte-Carlo model.

7. DEVELOPMENT, EXPLORATION AND EVALUATION ASSETS

	31 Dec 2015 $'000	30 June 2015 $'000
Development, exploration and evaluation assets comprise:		
Exploration and evaluation assets	99,873	118,498
Development expenditure	92,248	114,315
Balance at end of period	192,121	232,813

7. DEVELOPMENT, EXPLORATION AND EVALUATION ASSETS (continued)

A reconciliation of development, exploration and evaluation assets is presented below:

Exploration and evaluation assets

	31 Dec 2015 $'000	30 June 2015 $'000
Balance at beginning of period	118,498	139,991
Additions	149	145
Adjustment to rehabilitation asset	(47)	-
Foreign exchange differences	(18,727)	(21,638)
Balance at end of period	99,873	118,498

Balance at beginning of period	114,315	131,720
Additions	14	2,454
Adjustment to rehabilitation asset	(434)	-
Foreign exchange differences	(21,647)	(19,859)
Balance at end of period	92,248	114,315

As of 31 December 2015 the net book value of the following project assets were included in Development assets:

- Vele Colliery: $92 million

In terms of AASB 136 – Impairment of Assets management have identified the coal commodity price as an indicator that the Vele assets may be impaired and have performed a formal impairment assessment as at 31 December 2015.

Management have adopted the fair value less costs of disposal approach to estimate the recoverable amount of the project, before comparing this amount with the carrying value of the associated assets and liabilities in order to assess whether an impairment of the carrying value is required under AASB 136. As a result of the impairment testing completed no impairment is required as at 31 December 2015.

In calculating fair value less costs of disposal, management have forecast the cash flows associated with the project over its expected life of 18 years until 2033. The cash flows are estimated for the assets of the colliery in its current condition together with capital expenditure required for the colliery to resume operation and discounted to its present value using a post-tax discount rate that reflects the current market assessments of the risks specific to the Vele Colliery. The identification of impairment indicators and the estimation of future cash flows require management to make significant estimates and judgments. Details of the key assumptions used in the fair value less costs of disposal calculation at 31 December 2015 are included below.

Key assumptions

		2017	2018	2019	LT
Thermal coal price (USD, nominal)[1]		62	68	74	79[2]
Hard coking coal price (USD, nominal)[3]		101	116	130	145[4]
Exchange rate (USD / ZAR, nominal)		16.0	16.6	17.2	17.8[5]
Discount rate[4]	16.1%				
Inflation rates USD	2.5%				
ZAR	6.0%				
Production start date	February 2018				

7. DEVELOPMENT, EXPLORATION AND EVALUATION ASSETS (continued)

(1) Management's assumptions reflect the Richards Bay export thermal coal (API4) price.

(2) LT thermal coal price equivalent to USD 72 per tonne in 2016 dollars

(3) Management's assumption of the hard coking coal price is made after considering relevant broker forecasts

(4) LT hard coking coal price equivalent to USD 132 per tonne in 2016 dollars

(5) From 2020, the exchange rate is derived with reference to the 2019 assumption, and inflated by the compounding differential between USD and ZAR inflation rates

(4) Management prepared a nominal ZAR-denominated, post-tax discount rate, which was calculated with reference to the Capital Asset Pricing Model (CAPM).

Impairment Assessment

	USD million
Carrying Value of Vele Cash Generating Unit	92
Value of Vele using the discounted cash flow method	120

Sensitivity Analysis

Changes in key assumptions in the table below would have the following approximate impact on the recoverable amount of the Vele Colliery as calculated using the discounted cash flow method and excluding the effect of the value attributable to resources outside the LOM.

Sensitivity	**Change in variable**	**Effect on fair value less costs of disposal**
Long term coal prices	+10.0%	24
	-10.0%	(25)
Long term exchange rate	+10.0%	23
	-10.0%	(24)
Discount rate	+1.0%	(9)
	-1.0%	9
Operating costs	+10.0%	(14)
	-10.0%	14
Delays in production start date	+12 months	(17)

Excluded from the value of the Vele Colliery derived from the discounted cash flow model, is any value attributable to resources remaining after the projections made in the life of mine model. In order to assess the potential value of resources outside of the life of mine plan, a resource valuation was undertaken by management in January 2016 in consultation with valuations experts. This valuation applied a weighted average multiple of ZAR 3.8/tonne of resources, which resulted in an indicative valuation of ZAR837 million at that time.

8. DISCONTINUED OPERATIONS

	31 Dec 2015 $'000	30 June 2015 $'000
Carrying amounts of		
Holfontein Investments Proprietary Limited ('Holfontein')	-	-
Langcarel Proprietary Limited ('Mooiplaats')	11,482	14,764
	11,482	14,764
Assets associated with discontinued operations		
Holfontein	-	-
Mooiplaats	13,917	18,118
	13,917	18,118
Liabilities associated with discontinued operations		
Holfontein	-	-
Mooiplaats	2,435	3,354
	2,435	3,354
	11,482	14,764

Holfontein

The Company is in the process of finalising agreements for the disposal of the Holfontein Thermal Coal Project near Secunda in Mpumalanga.

Mooiplaats

The Company has announced a long term strategy to dispose of its thermal assets in order to focus on the development of the coking coal assets. The Company is actively seeking a buyer for this business and expects to complete a sale during the next financial year. A non-binding memorandum of understanding has been received by the Company providing an indicative price for the disposal of Mooiplaats. The Group has not recognised any impairment on the Mooiplaats Colliery during the period.

The major classes of assets and liabilities of Mooiplaats at the end of the reporting period are as follows:

	31 Dec 2015 $'000	30 June 2015 $'000
Assets classified as held for sale		
Property, plant and equipment	13,487	16,770
Other financial assets	181	710
Restricted cash	208	264
Inventories	3	13
Trade and other receivables	2	238
Cash and cash equivalents	36	123
	13,917	18,118
Liabilities classified as held for sale		
Provisions	2,160	2,855
Trade payables and accrued expenses	275	499
	2,435	3,354
Net assets of Mooiplaats	11,482	14,764

8. DISCONTINUED OPERATIONS (continued)

The loss for the half-year from the discontinued operations is analysed as follows:

	Six months ended 31 Dec 2015 $'000	Six months ended 31 Dec 2014 $'000
Revenue	-	-
Other gains	-	69
	-	69
Expenses	(386)	(776)
Loss before tax	(386)	(707)
Loss for the period from operations held for sale (attributable to owners of the parent)	(386)	(707)
Cash flows from discontinued operations held for sale		
Net cash outflows from operating activities	(410)	(412)
Net cash outflows from investing activities	(274)	436
Net cash outflows from financing activities	638	-
Net cash outflows	(46)	24

9. DEFERRED CONSIDERATION

The deferred consideration relates to the second tranche (part of the total acquisition price of $75 million for Chapudi and Kwezi) of $30 million payable to Rio Tinto. The Company is required to make a minimum payment of $100,000 plus interest per month as well as additional committed money on the sale of non-core assets. The interest on the arrangement is 4%. The current portion of the deferred consideration consists of the minimum payment of $100,000 for the next 12 months.

10. BORROWINGS

During the period, a loan for $10 million was provided to the Company by its shareholder Yishun. The loan bears no interest and is only repayable in limited circumstances.

11. LOSS PER SHARE

	Six months ended 31 Dec 2015	Six months ended 31 Dec 2014
	Cents per share	Cents per share
Basic loss per share		
From continuing operations	0.75	0.01
From discontinued operations	0.02	0.06
	0.77	0.07

11.1 Basic loss per share

	$'000	$'000
Loss for the period attributable to owners of the parent	(14,325)	(827)
Loss for the period from operations held for sale	386	707
Loss used in the calculation of basic loss per share from continuing operations	(13,939)	(120)

11. LOSS PER SHARE (continued)

	Six months ended 31 Dec 2015	Six months ended 31 Dec 2014
	'000 shares	'000 shares
Weighted number of ordinary shares		
Weighted average number of ordinary shares for the purposes of basic loss per share	1,865,824	1,182,035

11.2 Diluted loss per share

11.3 Headline loss per share (In line with JSE listing requirements)

The calculation of headline loss per share at 31 December 2015 was based on the headline loss attributable to ordinary equity holders of the Company of $14.0 million (2014: $0.8 million) and a weighted average number of ordinary shares outstanding during the period ended 31 December 2015 of 1,865,823,514 (2014: 1,182,035,280).

The adjustments made to arrive at the headline loss are as follows:

	Six months ended 31 Dec 2015 $'000	Six months ended 31 Dec 2014 $'000
Loss for the period attributable to ordinary shareholders	14,325	827
Adjust for:		
Impairment losses	(358)	-
Headline earnings	13,967	827
Headline loss per share (cents per share)	**0.75**	**0.07**

12. CASH AND CASH EQUIVALENTS

	31 Dec 2015 $'000	30 Jun 2015 $'000
Bank balances	30,025	17,759
Bank balances associated with discontinued operations (refer Note 8)	36	123
	30,061	17,882
Restricted cash	808	1,023
Restricted cash associated with discontinued operations (refer Note 8)	208	264
	1,016	1,287

13. CONTINGENCIES AND COMMITTMENTS

The Group has contingent liabilities as listed below:

Ferret Mining Proprietary Limited

During the prior financial year, Ferret's 26% shareholding in Mooiplaats Mining Limited was re-instated. Although they are not entitled to any assets or claims in the Mooiplaats group, they are entitled to receive ZAR15.0 million ($1.0 million) upon the successful disposal of the Mooiplaats Colliery. This has been taken into account in determining the fair value less costs to sell of the Mooiplaats Colliery.

Issue of Share Options to De Wet Schutte

In terms of his appointment as Chief Financial officer, Mr Schutte is entitled to receive 6,600,000 options in three equal tranches over a three year period (Year 1: 2,200,000 at ZAR 1, 20, Year 2: 2,200,000 at ZAR 1, 32, Year 3: 2,200,000 at ZAR 1, 45) These are granted in accordance with the Company's employee share option plan and are subject to shareholder approval.

Makhado Water Commitment

CoAL has agreed to acquire water allocation for the Makhado Project from water users situated near the proposed colliery and the Company has undertaken to increase supply assurance without impacting negatively on the water available for agriculture. The parties have in principle agreed to avoid endangering local agriculture by creating new water, primarily by reducing losses, improving distribution and countering leakages and evaporation. The creation of new water will be financed either through CoAL's funds, outside funding or a Public-Private-Partnership with one or more organs of State or other appropriate entities.

The overall objective is the co-existence of mining and agriculture and includes a feasibility study and the completion of projects identified in the study which will facilitate the creation of new water. In terms of the agreement, the Company will be required to pay a total of $7.9 million. The first payments of $1.8 million are due 90 and 180 days after the granting of the IWUL, a further $0.6 million is payable eight months after the IWUL is granted and the balance within five years of the granting.

Commitments

In addition to the commitments of the parent entity, subsidiary companies have financial commitments in terms of the NOMR granted by the South African DMR. The commitments are based on the revenue generated by the colliery during the financial year, and/or quantities of coal sold by the colliery during the financial year.

There are no other significant contingent liabilities as at 31 December 2015.

14. EVENTS SUBSEQUENT TO REPORTING DATE

In January 2016, the IWUL for Vele Colliery in the Limpopo Province was renewed for a further twenty years and the IWUL for the Makhado Projected was granted for a period of 20 years.

In terms of the Company's recommended offer for Universal, the terms of the offer was varied to extend the offer period to 15 April 2016. On 3 March 2016, at the general meeting of CoAL shareholders, the necessary resolutions approving the acquisition of Universal were passed. In addition, as at 3 March 2016, acceptances of the offer from Universal Shareholders (including Universal CDI Holders) representing 269,570,685 Universal Shares, equating to approximately 53.20% of the total number of Universal Shares in issue were received, satisfying the condition to the offer set out in paragraph 1(a) of Part A of Appendix VI of the Offer Document.

14. EVENTS SUBSEQUENT TO REPORTING DATE (continued)

On 3 March 2016, CoAL and its subsidiary company MbeuYashu received a notice from Rio Tinto and Kwezi Mining Proprietary Limited, alleging that CoAL is in breach of an obligation under the agreements pursuant to which MbeuYashu acquired interests in Chapudi Coal Proprietary Limited and Kwezi Mining Exploration Proprietary Limited and therefore all amounts owed by CoAL and MbeuYashu are now due for payment.

CoAL is in the process of disputing the validity of the notice.

The original amount owed by Coal and MbeuYashu was $75 million. Currently a total of $19 million is owing and CoAL and MbeuYashu have met and are meeting all their payment obligations, with final settlement to be made on 15 June 2017.

15. KEY MANAGEMENT PERSONNEL

Remuneration arrangement of key management personnel are disclosed in the annual financial report.

16. FINANCIAL INSTRUMENTS

This note provides information about how the Group determines fair values of various financial assets and financial liabilities.

16.1 Fair value of the Group's financial assets and financial liabilities that are measure at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

		31 Dec 2015	**30 Jun 2015**				
1.	Other financial assets – Unlisted Investments	Assets - $3.2m	Assets - $3.1m	Level 2	Value certificate obtained from investment institution	N/A	N/A
2.	Other financial assets – Listed Investments	Assets - $0.4m	Assets - $0.5m	Level 1	Quoted prices in an active market	N/A	N/A

The Directors declare that in the directors' opinion,

1. The condensed financial statements and notes of the consolidated entity are in accordance with the following:

    a. complying with accounting standards and the Corporations Act 2001; and

    b. giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date.

2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors, made pursuant to section 303(5) of the Corporations Act 2001.

On behalf of the Directors

Bernard Robert Pryor Chairman 14 March 2016	**David Hugh Brown** Chief Executive Officer 14 March 2016

Dated at Johannesburg, South Africa, this 14th day of March 2016.

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

14 March 2016

Dear Board Members

Auditor's Independence Declaration to Coal of Africa Limited

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

As lead audit partner for the review of the financial statements of Coal of Africa Limited for the half year ended 31 December 2015, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

David Newman
Partner
Chartered Accountants

Deloitte.

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Independent Auditor's Review Report to the members of Coal of Africa Limited

We have reviewed the accompanying half-year financial report of Coal of Africa Limited, which comprises the condensed statement of financial position as at 31 December 2015, and the condensed statement of profit or loss and other comprehensive income, the condensed statement of cash flows and the condensed statement of changes in equity for the half-year ended on that date, selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 8 to 25.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Coal of Africa Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Deloitte.

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Coal of Africa Limited would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Coal of Africa Limited is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

DELOITTE TOUCHE TOHMATSU

David Newman
Partner
Chartered Accountants
Perth, 14 March 2016