THE WATERBERG COAL COMPANY LTD

and Controlled Entities

ABN 64 065 480 453

Annual Report to Shareholders

30 June 2015

Corporate Directory

Directors

Dr Mathews Phosa (Chairman)
Mr Stephen Miller (Executive Director)
Mr Lee Boyd (Non-Executive Director)

Company Secretary

Mr Lee Boyd

Registered Office

Level 2, 1 Walker Avenue
West Perth WA 6005

Telephone: + 61 8 9485 0888
Facsimile: + 61 8 9485 0077
Website: www.waterbergcoal.com.au

Share Registry

Australia

Automic Registry Services
Level 1, 7 Ventnor Avenue
West Perth WA Australia 6005

Telephone: + 61 8 9324 2099

South Africa

Trifecta Capital Services
Nr 31 Beacon Road
Florida-North 1709
South Africa

Auditors

BDO Audit (WA) Pty Ltd
38 Station Street
Subiaco WA 6008

Stock Exchange Listing

The Waterberg Coal Company Limited (the "**Company**") has its shares listed on the Australian Securities Exchange ("**ASX**") and the Johannesburg Stock Exchange ("**JSE**") and the home branch being Melbourne.

ASX and JSE code: WCC

Contents

Directors' Report

The directors of the Company and its controlled entities (the "**Group**") present their report of the Group for the year ended 30 June 2015. In order to comply with the provisions of the *Corporations Act (Cth) 2001*, the Directors' Report as follows:

1. Directors

The names and details of the Group's directors in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Dr Mathews Phosa – Non Executive Chairman

Dr Phosa is a Lawyer by profession and was elected as the first Premier of Mpumalanga Province in 1994 and went on to serve as the Treasurer General within the Executive Committee of the ANC from 2007 to 2012. He was a member of the National Executive Committee of the ANC for many years until 2012. Dr Phosa has served as a business consultant for various local and international businesses since 1999.

Dr Phosa currently holds chairman, vice-chairman or board member positions on a number of prominent South African institutions and companies.

Commercially, Dr Phosa is Chairman of The Waterberg Coal Company Limited and also sits on the boards of South African listed companies Value Group, Jubilee Platinum and Bauba Resources as well as a number of unlisted entities. He is also a trustee to the Afrikaans Handels Instituut (AHI).

During the past three years, Dr Phosa has been a director of the following listed entities:

- Firestone Energy Limited (ASX and JSE, appointed 29 October 2014);
- Value Group Limited (JSE, appointed 29 October 2002);
- Jubilee Platinum Plc (JSE, appointed 11 January 2010); and
- Bauba Platinum Limited (JSE, appointed 22 April 2010).

Mr Stephen Miller – Executive Director

Mr Miller is a Chartered Accountant by profession with over 25 years' experience in corporate finance, mergers and acquisitions in the resources sector. He has been a director, founder and chief executive officer of a number of successful resource companies. He has also been responsible for numerous corporate reorganizations and restructurings, as well as substantial debt and equity capital raisings for project start-ups, developments, and corporate takeovers.

Mr Miller is a Member of the Australian Institute of Chartered Accountants in Australia, a Fellow of the Australian Institute of Company Directors and has served as a Director on the Australian gold industries peak body, The Australian Gold Council.

Mr Miller was appointed as a director of the Company on 14 June 2013 and Chief Executive Officer on 4 July 2013.

During the past three years, Mr Miller has been a director of the following listed entity:

- Firestone Energy Limited (ASX and JSE, appointed 14 June 2013).

Mr Edwin Leith Boyd – Non Executive Director and Company Secretary

Mr Boyd is a CPA and a Fellow of the Australian Institute of Company Directors and has extensive and broad ranging directorial, corporate consulting, financial and senior executive experience across a range of industries including the manufacturing, industrial engineering and, since 1993; the resources sector.

He was appointed a director and company secretary of the Company on 20 May 2014.

During the past three years, Mr Boyd has been a director of the following listed entities:

- Anatolia Energy Limited (appointed 29 November 2012 and resigned 31 July 2014);
- Firestone Energy Limited (ASX and JSE, appointed 17 March 2014); and

2. Interests in the shares and options of the Group

At the date of this report, the interests of the directors in the shares and options of The Company were:

Directors	Fully Paid Shares	Unlisted Options
S Miller	27,203,125	15,000,000
M Phosa	-	20,000,000
L Boyd	-	-

3. Nature of operations and principal activities

The principal activities of the Group are coal and mineral exploration in South Africa and mineral exploration in South Australia.

4. Operating results for the year

The loss for the year was $56,351,961 (2014: loss of $49,212,321).

5. Dividends

No dividend is recommended nor has one been declared or paid since the end of the financial year.

6. Review of financial condition

The cash flow statement highlights a decrease in cash and cash equivalents in the year ended 30 June 2015 of $8,046,209 (2014: increase of $922,010). Operating cash outflows totalled $8,784,641 (2014: $5,687,901).

The Group has a net liability position of $46,470,665 (2014: net asset position $4,895,925).

7. Corporate structure

The Company is a company limited by shares that is incorporated and domiciled in Australia.

8. Share under option

As at the date of this report, there were 132,002,346 unissued ordinary shares under options. The details of the options at the date of this report are as follows:

Grant date	Expiry Date	Exercise Price	Share options 30 June 2015
26 April 2013	31 December 2016	$0.20	25,000,000
28 November 2013	31 December 2016	$0.30	63,000,000
11 December 2013	31 December 2016	$0.30	12,000,000
30 June 2015	30 June 2017	$0.08	32,002,346
			132,002,346

No option holder has any right under the options to participate in any other share issue of the Group or any other entity.

9. Review of Operations

9.1 The Waterberg Coal Project

The Company is a participant in the Waterberg Coal Project ("**WCP**") joint venture, situated in the Limpopo Province, South Africa. WCP currently has identified coal resources of 3.4 billion tonnes[1] of coal contained within the granted mining and prospecting rights.

During the 2014 financial year SRK Consulting Group delivered to the Company the preliminary results of the definitive feasibility study ("**DFS**") for the proposed development of a coal project to deliver up to 10 million tonnes of coal product to Eskom Holdings SOC Ltd ("**Eskom**") on a take or pay basis, pursuant to a memorandum of understanding dated on or about 23 March 2012 (the "**Eskom Project**").

During the 2015 financial year a DFS, for a proposed development of an export project mine was completed. This proposed development would see total production of up to 4 million tonnes per annum of high quality export thermal coal product over a 3 to 4 year period (the "**Export Project**"). This study was completed subsequent to the preparation of a DFS for the proposed Eskom Project.

Since the completion of the DFS, the project team have been engaged in value engineering and optimisation studies for the Eskom Project with a view to enhancing the bankability of the project and reducing the cost of delivery of product to Eskom. Since the completion of the study a 300,000 tonne bulk burn test has also been undertaken (by Eskom) to confirm the suitability of the coal for burning at the designated Eskom power stations. As at the date of this report the Group are in discussions with Eskom for producing coal on a long term basis.

With respect to the Export Project DFS, an optimisation study is current in progress. The significant focus of this optimisation study is the review of the projects capital requirements with a view to enhancing the viability of the project. The optimisation includes consultation with world-class plant designers and contract vendors for the mining and processing facilities and services. The Group is confident that the optimisation process will derive positive outcomes resulting in considerable reductions in capital funding requirements for the project.

A key focus of the optimisation study is to revise the original washing process plans to enable production of a higher quality of coal suitable for the export market and to provide flexibility for production of a higher quality power station feed product for a proposed independent power producer ("**IPP**") to be located within the confines of the WCP. This power station product is planned to be stockpiled during the export grade coal mining phase until the potential IPP platform is completed. Utilisation of this product as IPP feed will result in optimal resource utilisation.

9.2 Coal Processing Plant

Arising from the optimisation study, the Group commenced negotiations with experienced processing and services providers for a build-own-operate ("**BOO**") dual module plant, each with a 550 tonnes per hour capacity.

The proposed plant design configures a two-stage wash process providing greater flexibility in product quality output. The advantage of such a design is clearly an ability to optimise a given product output mix to meet a range of commercial coal requirements including export quality, IPP platform feed stock and Eskom specification product from the one plant.

[1] Based on minimum thickness cut-off of 0.5m

The Group is confident that adopting a BOO strategy in conjunction with well experienced operators will significantly reduce up front capital requirements and provide for a swift progression to mining and production.

9.3 Mining Operations

Accruing from the optimisation study process, negotiations with a number of parties for the award of the mining contract have now been significantly advanced to a point where the indicative pricing on a cost per ROM tonne is within the parameters of the DFS financial modelling.

9.4 Project Water Supply

During the financial year the Group advised they had entered into a memorandum of understanding with the Lephalale Municipality ("**LM**") with respect to the Paarl Waste Water Treatment Plant (the "**Plant**") whereby the Group will take over the management and operation of the Plant for the purpose of supplying water to the project.

Since the end of the financial year the Group completed the long form agreement with LM to take over the management and operation of the Facility. This is a key development for the project.

The Plant has a treatment capacity of 10 million litres per day, or 3.64 million cubic metres per annum which will provide the WCP with sufficient water not only for its proposed Export Project development, but also Stage 1 of its proposed IPP development which is currently under technical and economic assessment.

9.5 Project Funding – The Export Project

Accruing from the preliminary results of the DFS and the optimisation studies for the Export Project, the Group are in discussions with certain banks with respect to funding arrangements for the proposed development. Pursuant to the financing discussions, Snowden Mining Industry Consultants Pty Ltd ("**Snowden**") has been commissioned as independent technical experts to produce a due diligence report for the purposes of project funding.

9.6 Export Product Off-take Arrangements

As a result from the optimisation success and the banking discussions, negotiations have commenced with a number of international parties who have expressed interest in entering into a long term off-take arrangements for the export product that is expected to be produced from the Export Project development.

9.7 IPP Strategy

During the 2015 financial year the government of South Africa announced it would be turning to the private sector to help solve its energy crisis. The government announced a "5 point plan" to urgently bring about extra generation capability for an energy starved economy. The major plank of the 5 point plan was the launching of a coal fired independent power producer programme for an initial 2,500 megawatt of generation capacity. Additionally, the government announced it would be looking for co-generation options. WCP has been positioned to capitalise on both sets of opportunities.

In preparation for the long awaited announcement of the IPP programme; WCP submitted a registration of intent to participate and has also lodged a registration with the Department of Environmental Affairs of its intent to build a power generation plant to be situated within the confines of its existing granted mining and prospecting rights; which collectively form the WCP area.

During the financial year a preliminary technical and economic model was carried out to determine the most appropriate, capital efficient and economical parameters for the development of an IPP Project, which will be substituted by feed stock from the proposed coal mining projects.

At the date of this report the Group are engaging with a number of parties, including mining and civil engineering contractors on the mining project(s); and potential technology partners, IPP developers and financial groups to partner in creating a new independent integrated energy company to be located within the confines of the WCP area.

9.8 South Australian Tenements

As at balance date, the Company held two exploration tenements in the Gawler Craton of South Australia which are prospective for gold and copper-gold mineralisation. The Gawler Craton is host to large copper-gold deposits such as Olympic Dam and Prominent Hill to the east, and gold deposits such as Challenger, Tarcoola and Tunkillia in the west.

During the year the Company continued to compile and validate exploration data relating to the tenements and is assessing the prospectively of targets within the license holdings. The Company is considering its strategy with regards to these tenements.

9.9 Updated Resource Statement[1] [2]

An Independent Competent Persons Resource Statement was prepared in October 2013 to reflect the increased borehole database following the completion of the 2013 drilling programme on the four farms covered by the Mining Right (Smitspan, Massenberg, Hooikraal and Minnasvlakte), and the two farms held under Prospecting Rights (Vetleegte and Swanepoelpan) and associated sample analysis on the WCP properties.

The resource statement for the WCP stands at 3.4 billion tonnes. This represents a substantial increase in the coal resource of the WCP properties. Previously SRK Consulting (Pty) Limited (December 2012) declared a Coal Resource of 1.183 billion tonnes on the two farms Smitspan and Massenberg.

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[1] Please note that this information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2013 on the basis that the information has not materially changed since it was last reported.

[2] Competent Person Statement - Gemecs (Pty) Limited was commissioned by the Company to undertake an Updated Independent Persons Geological Report for the Waterberg Coal Project. The Coal Resources were estimated in accordance with the South African code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves ("SAMREC Code"), Australasian Code for Reporting of Exploration Results. Mineral Resources and Ore Reserves ("the JORC Code") and South African National Standard (SANS 10320:2004) guidelines. The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Coenraad D van Niekerk, Pr.Sci.Nat (Reg. No 400066/98), M.Sc Hons (Geology), MDP, an employee of Gemecs (Pty) Limited, who is a Fellow of the Geological Society of South Africa. Mr Niekerk is a mining geologist with 38 years' experience in the mining industry, sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Joint Ore Reserves Committee (JORC) "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Niekerk consents to the inclusion in the report of the matters based on his information in the form and context in which it appears. Any discrepancy is due to rounding.

The resource statement was prepared on behalf of the Company by Gemecs (Pty) Limited in their capacity as Independent Competent Persons.

Coal Resource on all six Waterberg Coal Project Properties under both Prospecting Permit and Mining Right

Resource Classification	Coal Resource* (Mt)	Ash % (ad)	IM % (ad)	Vol % (ad)	CV (Mj/kg) (ad)	TS % (ad)
Measured	1314.51	57.6	2.2	17.9	10.7	1.00
Indicated	1247.2	57.4	2.3	17.8	10.7	1.13
Inferred	838	58.5	2.2	17.6	10.4	1.19
Total Resources	3400	57.7	2.2	17.8	10.6	1.09

**Coal Resource based on minimum thickness cut-off of 0.5m*

9.10 Refinancing the SBSA Facility

The Company entered into a voluntary suspension of its shares on 19 March 2015 whilst it progressed negotiations with Standard Bank of South Africa Limited ("**SBSA**") (and other participants) with respect to "refinancing" the SBSA convertible note facility (the "**Facility**"). Given that the international financial commodities markets continue to be somewhat challenging; interested parties (in the refinancing) have been undertaking very comprehensive due diligence programmes. This has resulted in the process being drawn out much longer than originally anticipated.

On 15 September 2015 the Company and Firestone Energy Limited (collectively the Waterberg Coal Group ("**WCG**")) entered into a term sheet with Sibanye Gold Limited ("**Sibanye**") whereby, inter alia, Sibanye, have agreed terms with SBSA (as Facility agent) to acquire the Facility held by SBSA.

It is proposed, subject to completion of due diligence and formal transaction documentation, the Facility acquired by Sibanye will, upon the completion of a corporate restructure; and subject to the various regulatory requirements; be converted to equity in the enlarged company.

The proposed restructuring will see the Company and Firestone Energy Limited merge through a proposed scheme of arrangement in accordance with the provisions of the *Corporations Act (Cth) 2001*.

In addition to the acquisition of the Facility and the conversion of same into equity in the enlarged group, Sibanye will provide financing of AU$8.5 million as additional working capital to WCG, initially as an interest free loan with Sibanye to subsequently subscribe for shares following the corporate consolidated

Sibanye will also enter into a coal off-take agreement with WCG. This agreement will specify the term, quantity, quality, target price and delivery of coal which will be produced and sold to Sibanye (or a nominated representative) for the purpose of Sibanye's power requirements as part of the IPP Platform.

The proposed suite of transactions (with Sibanye) will be subject to due diligence and the completion of the formal transaction documentation.

10. Corporate Activities

On 16 July 2014 the Company resolved to extend the term the Company's existing $3 million facility to and to increase the Facility by up to an additional $3 million.

On 15 August 2014 the Company provided the market with further details with respect to the rolling of the loan with its 45.88% controlled entity controlled entity Firestone Energy Limited ("**Firestone**") which was original entered into on 4 September 2013. The loan is unsecured and non-interest bearing.

On 17 September 2014 the Company provided the market with an update on its coal projects and further advised that its Facility with a maturity date of 9 October 2014 was becoming due and that the company had entered into discussions with the lenders with respect to the restructuring of the Facility, including an extension to the Facility's maturity date.

On 31 October 2014 the Company advised the market that it had held discussions with the lenders of the Facility and that the Facility that was due on 9 October 2014 had been extended on an on demand basis.

On 10 November 2014 the Company announced to the market that Firestone had entered into a financing to raise up to US$5 million through the issue of convertible notes.

On 24 November 2014 the company announced to the market that it had entered into an agreement with Apollo Minerals Limited to sell its South Australian mineral tenement EL4445, Claypan Dam.

On 1 December 2014 the Company announced that, pursuant to the holding of its annual general meeting on 28 November 2014 that all resolutions presented to the annual general meeting were passed.

On 17 March 2015 the Company advised the market that it had received advice from its lenders that the lenders sought repayment of the rolled over Facility by 9 April 2015. The Company further advised that it was in discussions with various parties to raise funding to retire the Group's indebtedness and whilst it sought to restructure the Group's indebtedness it sought a trading halt for its securities.

On 20 March 2015 the Company provided an update to the market with respect to the background to the suspension in trading of its securities whilst it sought to restructure the Facility.

On 24 March 2015 the Company advised the market that it had received a legal claim in respect of disputed services which it would defend vigorously.

On 9 April 2015 the Company advised that it was in discussions with the lenders to the Facility with respect to introducing a third party to refinance the Facility, and whilst these negotiations were in progress the lenders intended to maintain the Facility on a on demand basis and rolling on a daily basis to give these discussions time to progress.

11. Principal Activities and significant changes in the state of affairs

The principal activities of the Company are coal and mineral exploration in South Africa.

Other than for the matters referred to in the Management Disclosure Report, there have been no significant changes in the state of affairs within the consolidated entity.

12. Dividends

No dividend is recommended nor has one been declared or paid since the end of the financial period.

13. Environmental regulation and performance

The consolidated entity has done everything to the best of its knowledge to comply with all applicable legislation and has no reason to believe that they did not comply with any of the legislative requirements during the year ended 30 June 2015 and subsequent to year end.

14. Significant changes in the state of affairs

There have been no significant changes in the state of affairs within the Group.

15. Significant events after reporting date

On 15 September 2015 the Company and Firestone Energy Limited (collectively the Waterberg Coal Group ("WCG")) entered into a term sheet with Sibanye Gold Limited ("Sibanye") whereby, inter alia, Sibanye, have agreed terms with SBSA (as Facility agent) to acquire the Facility held by SBSA.

It is proposed, subject to completion of due diligence and formal transaction documentation, the Facility acquired by Sibanye will, upon the completion of a corporate restructure; and subject to the various regulatory requirements; be converted to equity in the enlarged company.

The proposed restructuring will see the Company and Firestone merge through a proposed scheme of arrangement in accordance with the provisions of the *Corporations Act (Cth) 2001*.

In addition to the acquisition of the Facility and the conversion of same into equity in the enlarged group, Sibanye will provide financing of AU$8.5 million as additional working capital to WCG, initially as an interest free loan with Sibanye to subsequently subscribe for shares following the corporate consolidation.

Sibanye will also enter into a coal off-take agreement with WCG. This agreement will specify the term, quantity, quality, target price and delivery of coal which will be produced and sold to Sibanye (or a nominated representative) for the purpose of Sibanye's power requirements as part of the IPP Platform.

The proposed suite of transactions (with Sibanye) will be subject to due diligence and the completion of the formal transaction documentation. It is anticipated that both of which will be completed on or by mid November 2015.

There were no other known significant events from the end of the financial year to the date of this report.

16. Likely developments

The Group are currently considering the options for the development of a stand along export project which is expected to be able to be brought into production and cash flow sooner than the Eskom Project. To this end, discussions are in progress with various parties with a view to structuring a finance package to advance this.

17. Indemnification and insurance of directors, officers and auditors

The Group has agreed to indemnify and keep indemnified the current directors against all liabilities incurred by the directors as a director of the Group and all legal expenses incurred by the directors as a director of the Group.

The indemnity only applies to the extent and in the amount that the directors are not indemnified under any other indemnity, including an indemnity contained in any insurance policy taken out by the Group, under the general law or otherwise. The indemnity does not extend to any liability:

- to the Group; or
- arising out of conduct of the directors involving a lack of good faith.

The total amount of insurance premiums paid has not been disclosed due to confidentiality reasons.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the directors and officers in their capacity as directors and officers of the Group, and any other payments arising from liabilities incurred by the directors and officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful breach of duty by the directors and officers or the improper use by the directors and officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Group. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities. The insurance policy outlined above does not allocate the premium paid to each individual director and officer of the Group.

18. Directors' meetings

The number of Directors' meetings each Director was eligible to attend and the number actually attended during the year to 30 June 2015 are as follows:

	Number of Directors meetings eligible to attend*	Number of Directors meetings attended
Mathews Phosa	9	8
Stephen Miller	9	9
Edwin Leith Boyd	9	9

** plus circular resolutions of the board.*

19. Corporate Governance

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of The Company support and have adhered to the principles of sound corporate governance, where possible. The Board recognises the recommendations of the Australian Securities Exchange Corporate Governance Council, and considers that the Group is in compliance with those guidelines to the extent possible, which are of importance to the commercial operation of a junior listed resources company. During the financial year, shareholders continued to receive the benefit of an efficient and cost effective corporate governance policy for the Group. The Group's Corporate Governance Statement and disclosures are contained elsewhere in the annual report.

20. Auditor's Independence and Non-Audit Services

The Directors received the auditors' independence declaration as required under section 307c of the *Corporations Act (Cth) 2001*, a copy of which is included within this report.

Non-audit services provided by the auditors of the consolidated entity during the year are detailed in note 26 of the financial report. The Directors are satisfied that the provision of the non-audit services during the year by the auditor did not compromise the general principles relating to auditor independence in accordance with APES110, Code of Ethics for professional accountants set by the Accounting Professional and Ethics Standards Board.

21. Proceedings on behalf of the Group

No person has applied to the Court under section 237 of the *Corporations Act (Cth) 2001* for leave to bring proceedings on behalf of the Group for all or part of those proceedings. No proceedings have been brought or intervened in on behalf of the Group with leave of the Court under section 237 of the *Corporations Act (Cth) 2001*.

22. Remuneration Report (Audited)

This Remuneration Report outlines remuneration arrangements of directors and key management of the Group in accordance with the requirements of the *Corporations Act (Cth) 2001* and its Regulations.

Information contained in the remuneration report has been audited.

22.1 Key management personnel

22.1.1. Non-Executive Directors

Dr Matthew Phosa	Non-Executive Chairman	appointed 38 October 2013
Mr Edwin Boyd	Non-Executive Director	appointed 18 March 2014

22.1.2. Executive Directors

Mr Stephen Miller	Executive Director/CEO	appointed 14 June 2013 (Executive Director since 4 July 2013)

22.2 Remuneration committee

The full Board acts as the Remuneration Committee (not formally established) and is responsible for determining and reviewing remuneration arrangements for the Board and executives.

The Remuneration Committee assesses the nature and amount of remuneration of executives on a periodic basis by reference to relevant employment market conditions with the overall objective of maximising stakeholders' benefit from the retention of a high quality, high performing Board and executive team.

The Group's Remuneration Committee has not engaged the services of remuneration consultants.

22.3 Remuneration philosophy

The performance of the Group depends upon the quality of its directors and executives. To prosper, the Group must therefore attract, motivate and retain highly skilled directors and executives.

To this end, the Group embodies the following principles in its remuneration framework:

a. provide competitive rewards to attract high calibre executives;

b. reasonableness, fairness and consideration of market guidance;

c. link executive rewards to shareholders' value;

d. have a proportion of total executive's remuneration 'at risk';

e. transparency and shareholder approval of compensation arrangements; and

f. determine performance hurdles for variable executive remuneration.

22.4 Remuneration structure

In accordance with best practice corporate governance, non-executive director and executive remuneration are structured differently and managed separately.

22.5 Director remuneration

22.5.1. Objective

The Board seeks to set aggregate remuneration at a level that provides the Group with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

22.5.2. Structure

The Group's Constitution and the ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting.

The amount of aggregate remuneration sought to be approved by shareholders and the fee structure is reviewed annually. The Board considers fees paid to non-executive directors of comparable companies when undertaking the annual review process.

Remuneration consists of the following key elements:

a. fixed remuneration (consulting fees); and

b. variable remuneration:

   i. short term incentive ("**STI**"); and

   ii. long term incentive ("**LTI**").

22.6 Fixed remuneration

22.6.1. Objective

Fixed remuneration is reviewed annually by the Remuneration Committee. The process consists of a review of the Group's and individual performance, relevant comparative remuneration in the market and where necessary, seeking external advice on policies and practices. As noted above, the Remuneration Committee may have access to external advice independent of management; however this has not occurred during the current year.

22.6.2. Structure

Directors are given the opportunity to receive some of their fixed (primary) remuneration in a variety of forms including cash and non-cash benefits. It is intended that the manner of payment chosen will be optimal for the recipient without creating additional cost for the Group.

22.7 Variable remuneration – Short Term Incentive

22.7.1. Objective

The objective of the STI program is to link the achievement of the Group's operational targets with the remuneration received by the executives charged with meeting those targets. The total potential STI available is set at a level so as to provide sufficient incentive to the executive to achieve the operational targets and such that the cost to the Group is reasonable in the circumstances.

22.7.2. Structure

Actual STI payments granted to each executive depend on the extent to which specific targets set at the beginning of the financial year are met. The targets consist of a number of Key Performance Indicators (KPI) covering financial, non-financial, corporate and individual measures of performance. On an annual basis, after consideration of performance against KPI, the Remuneration Committee in line with its responsibilities determines the amount if any of the short term incentive to be paid to each executive. Given the nature of the company at present, there are no formal KPIs in place. This will be reviewed going forward. No STI payments were paid during the current financial year (2014: nil).

22.8 Variable remuneration – long term incentive (LTI)

22.8.1. Objective

The objective of the Executive Share Option Plan is to reward executives in a manner that aligns their remuneration with the creation of shareholder wealth. As such, LTI grants are made to executives who are able to influence the generation of shareholder wealth and thus have an impact on the Group's performance against long term goals.

22.8.2. Structure

Options are granted under the Executive Share Option Plan that has been approved by shareholders. Options are granted under the scheme for no consideration, usually for terms of up to five years. Options granted under the scheme carry no right to dividends or voting. When exercised, each option is convertible into one ordinary share. Shares issued as a result of options being exercised, rank pari passu in all respects with previously issued fully paid ordinary shares. Option holders cannot participate in new issues of capital that may be offered to shareholders during the currency of the options prior to the exercise of the option. Prior to any new pro rata issue of shares to shareholders, option holders are notified by the Group and are allowed ten business days before the record date to exercise their options. The exercise price of options is determined by the Board.

22.9 Performance of shareholders wealth

In considering the Group's performance and benefits for shareholder wealth, the Board has regard to the following indices in respect of the current financial year and the previous three financial years:

As at 30 June	2015	2014	2013	2012	2011
Profit / (loss) per share (cents)	(17.99)	(19.00)	1.00	(8.75)	(2.14)
Share price (cents)	*	6.8	**	***	***

** suspended but last traded at 3.6 cents*

*** suspended but last traded at 2 cents*

**** suspended*

22.10 Service Agreements

On appointment to the Board all directors enter into a service agreement with the Company, in the form of a letter of appointment. The letter summaries the Board's policies and terms which mirror those set out within the *Corporations Act (Cth) 2001*, including compensation, relevant to the office of Director. Non-Executive Directors' fees are determined within an aggregate directors' fee pool limit.

Where appropriate consulting agreements have been entered into with a director for the provision of services; the details of these are set out elsewhere in this report.

Mr Stephen Miller serves as Executive Director and CEO. He receives $60,000 per annum in director fees, paid monthly, effective 1 March 2015. Mr Stephen Miller also has a consulting agreement with the Company dated 12 February 2015 and commenced on 1 March 2015. In terms of this service agreement, he receives $150,000 per annum and 12 months termination notice is required on the part of the Company.

Mr Lee Boyd serves as Director and Company Secretary. He receives $60,000 per annum in director fees, paid monthly, effective 1 March 2015. He also has a consulting agreement with the Company dated 12 February 2015 and commenced on 1 March 2015. In terms of this service agreement, he receives $90,000 per annum and 12 months termination notice is required on the part of the Company.

Dr Mathews Phosa serves as Director and Chairman of the Board of Directors. He receives $60,000 per annum in director fees, paid monthly, effective 1 March 2015. Dr Mathews Phosa also has a consulting agreement with the Company dated 12 February 2015 and commenced on 1 March 2015. In terms of this service agreement, he receives $90,000 per annum and 12 months termination notice is required on the part of the Company.

Benefits of annual leave and any other employment benefit are only in accordance with the services agreement entered into with the Directors or Key Management Personnel.

22.11 Remuneration of key management personnel

Details of the nature and amount of each element of the emolument of each Director and Executive of the Group for the financial year are as follows:

Directors		Short term employee benefits Salary/Fees	Post-employment benefits Super	Share-based payments[1]	Termination payments	Total
Executive Directors						
S Miller	**2015**	**350,000**	**-**	**-**	**-**	**350,000**
	2014	330,000	-	1,469,695	-	1,799,695
B McMaster[2]	**2015**	**-**	**-**	**-**	**-**	**-**
	2014	270,000	-	1,959,593		2,229,593
Non-Executive Directors						
S Funston[3]	**2015**	-	-	-	-	-
	2014	25,500	-	195,960	-	221,460
D Crennan[4]	**2015**	-	-	-	-	-
	2014	30,462	-	293,939	-	324,401
J Hart[5]	**2015**	-	-	-	-	-
	2014	150,000	-	293,939	-	443,939
L Boyd[6]	**2015**	**159,375**	**-**	**-**	**-**	**159,375**
	2014	19,328	-	-	-	19,328
M Phosa[7]	**2015**	**235,000**	**-**	**-**	**-**	**235,000**
	2014	125,000	-	1,791,347	-	1,916,347
T Tebeila[8 9]	**2015**	-	-	-	-	-
	2014	6,179	-	-	-	6,179
P Kasolo[10,9]	**2015**	-	-	-	-	-
	2014	9,183	-	-	-	9,183
B Mphahlele[9, 10]	**2015**	-	-	-	-	-
	2014	9,183	-	-	-	9,183
Total key management personnel	**2015**	**744,375**	**-**	**-**	**-**	**744,375**
	2014	974,835	-	6,004,473	-	6,979,308

[1] Valued in accordance with AASB 2 Share Based Payment
[2] Retired 17 March 2014
[3] Resigned 17 March 2014
[4] Resigned 7 May 2014
[5] Resigned 20 May 2014
[6] Appointed 18 March 2014
[7] Appointed 28 October 2013
[8] Resigned from Firestone Energy Limited 1 November 2013
[9] Note these directors are included in their capacity as directors of Firestone Energy Limited, a controlled company
[10] Removed from Firestone Energy Limited 29 November 2013

22.12 Paid by Firestone Energy Ltd to Key Management Personnel (who are also KMP of Waterberg Coal Company Ltd

Directors		Short term employee benefits Salary/Fees	Post-employment benefits Super	Share- based payments [10]	Termination payments	Total
Executive Directors						
S Miller[1]	**2015**	**70,000**	**-**	**-**	**-**	**70,000**
	2014	-	-	-	-	-
Non-Executive Directors						
L Boyd[2]	**2015**	**82,000**	**-**	**-**	**-**	**82,000**
	2014	8,850	-	-	-	8,850
M Phosa[3]	**2015**	**50,000**	**-**	**-**	**-**	**50,000**
	2014	-	-	-	-	-
T.Tebeila[4]	**2015**	-	-	-	-	-
	2014	20,000	-	-	-	20,000
P Kasolo[5]	**2015**	**-**	**-**	**-**	**-**	**-**
	2014	20,833	-	-	-	20,833
B.Mphahele[6]	**2015**	**-**	**-**	**-**	**-**	**-**
	2014	20,833	-	-	-	20,833
Total Key Management Personnel	**2015**	**202,000**				**202,000**
	2014	70,516				70,516

No short-term benefits paid in the 2015 or 2014 financial year relate to performance related remuneration.

[1] Appointed 14 June 2013
[2] Appointed 18 March 2014
[3] Appointed 27 October 2014
[4] Resigned 1 November 2013
[5] Removed 29 November 2013
[6] Removed 29 November 2013

22.13 Option holdings

The numbers of options over ordinary shares in the Company held during the financial year by each key management personnel of the Company, including their personally related parties, are set out below:

	Balance at 1 July 2014	Granted as remuneration	Options exercised	Net change other	Balance at 30 June 2015	Vested and exercisable at 30 June 2015
Directors						
S Miller	15,000,000	-	-	-	15,000,000	15,000,000
L Boyd	-	-	-	-	-	-
M Phosa	20,000,000	-	-	-	20,000,000	20,000,000
Total	**35,000,000**	**-**	**-**	**-**	**35,000,000**	**35,000,000**

No options granted to Directors and other key management personnel as remuneration have been exercised during the year.

22.14 Shareholdings

The numbers of ordinary shares in the company held during the financial year by each key management personnel of the Company, including their personally related parties, are set out below:

	Balance at 1 July 2014	Granted as remuneration	On exercise of options	Net change other	Balance at 30 June 2015
Directors					
S Miller	27,203,125	-	-	-	27,203,125
L Boyd	-	-	-	-	-
M Phosa	-	-	-	-	-
Total	**27,203,125**	**-**	**-**	**-**	**27,203,125**

22.15 Details of share based compensation

The terms and conditions of each grant of options affecting remuneration in the current or a future reporting period are as follows:

Grant date	Number	Vesting date	Expiry Date	Exercise Price $	Value per option at grant date	% Vested
28 Nov 2013	63,000,000	28 Nov 2013	31 Dec 2016	0.30	$0.098	100%

Options granted carry no dividend or voting rights.

The options value at grant date has been disclosed in the remuneration table on at section 22.11 as all options vested immediately. Refer to note 22 for model inputs for options granted during the year.

22.16 Transactions with key management personnel

Resource Venture Capital Partners, a company of which Stephen Miller is a related party, has lent the Group $219,503. The loan is non-interest bearing and is repayable on call.

Resource Venture Capital Partners, also billed $169,998 for reimbursement of business related expenses, including travel and accommodation, of which $104,890 remains unpaid.

An amount of $180,000 was billed by Millcorp Securities Pty Ltd, a company of which Stephen Miller is a related party, for the provision of fully serviced office accommodation of which $150,000 still remains outstanding.

An amount of $89,841 was billed by Millcorp Holdings Pty Ltd for office equipment rental and utilities costs of which $50,721 remains unpaid.

Millcorp Securities Pty Ltd, as Trustee for the Miller Superannuation Fund has lent the Company a sum of $22,000 which is repayable at call.

M Phosa has billed AU$66,000 for Support Services expenses recovery of which AU$49,500 remains unpaid.

There were no other loans or transactions with key management personnel and their related entities.

22.17 End of the Remuneration Report (Audited)

Signed in accordance with a resolution of the Board of Directors

Stephen W Miller
Executive Director
30 September 2015

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DECLARATION OF INDEPENDENCE BY IAN SKELTON TO THE DIRECTORS OF THE WATERBERG COAL COMPANY LTD

As lead auditor of The Waterberg Coal Company Ltd for the year ended 30 June 2015, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of The Waterberg Coal Company Ltd and the entities it controlled during the period.

Ian Skelton

Director

BDO Audit (WA) Pty Ltd

Perth, 30 September 2015

Corporate Governance Statement

This Corporate Governance statement of the Company has been prepared in accordance with the 3rd Edition of the ASX Corporate Governance Principles and Recommendations of the ASX Corporate Governance Council ('**ASX Principles and Recommendations**').

The Recommendations are guidelines and not prescriptions. The Council recognises that the range in size and diversity of companies is significant and that smaller companies from the outset may face particular issues in following all the Recommendations. If a company considers that a Recommendation is not appropriate to its particular circumstances, it has the flexibility not to adopt it.

The Board has adopted the best practice Recommendations as outlined by the Council to the extent that is deemed appropriate considering the current size and operations of the Company.

This statement has been approved by the Company's Board of Directors ('**Board**') and is current as at 8 September 2015.

The ASX Principles and Recommendations and the Company's response as to how and whether it follows those recommendations are set out below.

1. Principle 1 – Lay solid foundations for management and oversight

Recommendation 1.1: A listed entity should disclose: (a) the respective roles and responsibilities of the board and management; and (b) those matters expressly reserved to the board and those delegated to management.

As the Board acts on behalf of and is accountable to the shareholders, the Board seeks to identify the expectations of the shareholders, as well as other regulatory and ethical expectations and obligations and strives to meet those expectations. In addition, the Board is responsible for identifying areas of significant business risk and ensuring arrangements are in place to adequately manage those risks.

The role of the Board is to oversee and guide the management of the Company with the aim of protecting and enhancing the interests of its shareholders and taking into account the interests of other stakeholders including employees and the wider community.

The Board has established the relationship between the Board and management and describes their functions and responsibilities.

The Board is responsible for setting the strategic direction of the Company, establishing goals for management and monitoring the achievement of those goals. The Board has delegated certain management powers to the Executive Director for the day-to-day management of the Company and its operations.

Recommendation 1.2: A listed entity should: (a) undertake appropriate checks before appointing a person or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.

The company undertakes comprehensive reference checks prior to appointing a director or putting that person forward as a candidate to ensure that person is competent, experienced, and would not be impaired in any way from undertaking the duties of director. An election of directors is held each year. A director that has been appointed during the year must stand for election at the next Annual General Meeting ('**AGM'**). Directors are appointed for a maximum term of three years.

Retiring directors are not automatically re-appointed. The company provides to shareholders in the Notice of AGM relevant information for their consideration about the attributes of candidates together with whether the Board supports the appointment or re-election

Recommendation 1.3: A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.

The terms of the appointment of a non-executive director are set out in writing and cover matters such as the term of appointment, time commitment envisaged, required committee work and other special duties, requirements to disclose their relevant interests which may affect independence, corporate policies and procedures, indemnities, and remuneration entitlements.

Executive directors and senior executives are issued with service contracts which detail the above matters as well as the person or body to whom they report, the circumstances in which their service may be terminated (with or without notice), and any entitlements upon termination.

Recommendation 1.4: The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.

The company following this recommendation.

Recommendation 1.5: A listed entity should (a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them; (b) disclose that policy or a summary of it; and (c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them, and either: (1) the respective proportions of men and women on the Board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or (2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.

The Company and all its related bodies corporate have established a Diversity Policy.

The Company recognises the benefits arising from employee and board diversity, including a broader pool of high quality employees, improving employee retention, accessing different perspectives and ideas and benefiting from all available talent.

Diversity includes, but is not limited to, gender, age, ethnicity, cultural background and the persons skill set.

The Diversity Policy does not form part of an employee's contract of employment with the Company, nor gives rise to contractual obligations. However, to the extent that the Diversity Policy requires an employee to do or refrain from doing something and at all times subject to legal obligations, the Diversity Policy forms a direction of the Company with which an employee is expected to comply.

Objectives

The Diversity Policy provides a framework for the Company to achieve:

a. a diverse and skilled workforce, leading to continuous improvement in service delivery and achievement of corporate goals;

b. a workplace culture characterised by inclusive practices and behaviours for the benefit of all staff;

c. improved employment and career development opportunities for women;

d. a work environment that values and utilises the contributions of employees with diverse backgrounds, experiences and perspectives through improved awareness of the benefits of workforce diversity and successful management of diversity; and

e. awareness in all staff of their rights and responsibilities with regards to fairness, equity and respect for all aspects of diversity.

The Diversity Policy does not impose on the Company, its directors, officers, agents or employee any obligation to engage in, or justification for engaging in, any conduct which is illegal or contrary to any anti-discrimination or equal employment opportunity legislation or laws in any State or Territory of Australia or of any foreign jurisdiction.

Responsibilities

a. The Board's commitment

The Board is committed to workplace diversity, with a particular focus on supporting the representation of women at the senior level of the Company and on the Board.

The Board is responsible for developing measurable objectives and strategies to meet the Objectives of the Diversity Policy ("**Measurable Objectives**") and monitoring the progress of the Measurable Objectives through the monitoring, evaluation and reporting mechanisms listed below.

The Board may also set Measurable Objectives for achieving gender diversity and monitor their achievement.

The Board will conduct all Board appointment processes in a manner that promotes gender diversity, including establishing a structured approach for identifying a pool of candidates, using external experts where necessary.

b. Strategies

The Company's diversity strategies include:

i. recruiting from a diverse pool of candidates for all positions, including senior management and the Board;

ii. reviewing succession plans to ensure an appropriate focus on diversity;

iii. identifying specific factors to take account of in recruitment and selection processes to encourage diversity;

iv. developing programs to develop a broader pool of skilled and experienced senior management and Board candidates, including, workplace development programs, mentoring programs and targeted training and development;

v. developing a culture which takes account of domestic responsibilities of employees; and

vi. any other strategies the Board develops from time to time.

Monitoring and Evaluation

The Chairman will monitor the scope and currency of this policy.

The Company is responsible for implementing, monitoring and reporting on the Measurable Objectives once they are set.

Measurable Objectives if set by the board will be included in the annual key performance indicators for the Chief Executive Officer / Managing Director and senior executives.

In addition, the board will review progress against the Objectives (if set) as a key performance indicator in its annual performance assessment.

Reporting

The board may include in the Annual Report each year:

a the Measurable Objectives, if any, set by the Board;

b progress against the Objectives; and

c the proportion of women employees in the whole organisation, at senior management level and at Board level.

Explanation for departure from Recommendations

While the Company has adopted a diversity policy as mentioned above, the Board do not consider it appropriate to set measurable objectives at this stage of the Company's development. The Board will continue to review the development of the Company and will adopt measurable objectives at a more appropriate time

Recommendation 1.6 & 1.7: A listed entity should (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors and senior executives; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.

Notification of departure from Recommendation

The Board has not adopted any formal procedures for the review of the performance of the Board and senior executives; however the Board has adopted an on-going self-evaluation process to measure its own performance and the performance of senior executives, which is currently considered to meet the Board's obligations sufficiently.

Explanation for departure from Recommendation

Due to the size of the Company's board and the stage of the company's development, the Board does not consider it is necessary to have formal performance reviews for each director or senior executive.

2. Principle 2 – Structure of the Board to add value

Recommendation 2.1, 2.3 & 2.4: The board of a listed entity should (a) have a nomination committee which: (1) at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and should disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address Board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.

Notification of departure from Recommendations

The Company Board does not currently have a majority of independent directors and the Chairman is not considered independent.

Explanation for departure from Recommendations

The Board's composition changed during the year. Consistent with the size of the Company and its activities, the Board currently comprises three (3) Directors.

The Board's policy is that the majority of Directors shall be independent, Non-Executive Directors. Due to the size of the Company and the stage of the Company's development, the Board does not consider it can justify the appointment of more independent Non-Executive Directors, and therefore, the composition of the Board does not currently conform to the best practice recommendations of the ASX Corporate Governance Council.

Recommendation 2.2: A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.

Notification of departure from Recommendation

The Company does not have a board skills matrix setting out the mix of skills and diversity that the board has or looks for, due to the size of the board.

Explanation for departure from Recommendation

Due to the size of the Company's board and the stage of the company's development, the board does not consider it is necessary to have a formal skills matrix but does endeavour to follow these recommendations in practice.

Recommendation 2.5: The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.

Notification of departure from Recommendation

The Company Board does not currently have a Chairman who is considered independent.

Explanation for departure from Recommendation

The Board's policy is that the Chairman shall be independent. Due to the size of the Company's board and the stage of the company's development, the board does not consider it is necessary to have an independent Chairman at this time.

Recommendation 2.6: A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.

Notification of departure from Recommendations

The company does not have a formal induction process.

Explanation for departure from Recommendation

Due to the size of the Company's board and the stage of the company's development, the board does not consider it is necessary to have a formal induction process but endeavours to ensure that directors are fully supported and provided with opportunities for further learning.

Board access to independent professional advice

To assist Directors with independent judgement, it is the Board's policy that if a Director considers it necessary to obtain independent professional advice to properly discharge the responsibility of their office as a Director then, provided the Director first obtains approval for incurring such expense from the Chair, the Company will pay the reasonable expenses associated with obtaining such advice.

3. Principle 3 – Promote ethical and responsible decision making

Recommendation 3.1: A listed entity should: (a) establish a code of conduct for its directors, senior executives and employees; and (b) disclose the code or a summary of it.

Notification of departure from Recommendation

The Company has not established a formal code of conduct.

Explanation for departure from Recommendation

The Board considers that its business practices, as determined by the Board and key executives, are the equivalent of a code of conduct.

4. Principle 4 – Safeguard integrity in corporate reporting

Recommendation 4.1: The board of a listed entity should: (a) establish an audit committee which: (1) has at least three members, all of whom are nonexecutive directors and a majority of whom are independent directors; and (2) is chaired by an independent director, who is not the chair of the board, and disclose: (3) the charter of the committee; (4) the relevant qualifications and experience of the members of the committee; and (5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.

Notification of departure from Recommendation

The Company has not established an audit committee.

Explanation for departure from Recommendation

The Board considers that the Company is not currently of a size, or its affairs of such complexity, that the formation of separate or special committees is justified at this time. The board as a whole is able to address the governance aspects of the full scope of the Company's activities and ensure that it adheres to appropriate ethical standards.

The board as a whole considers those matters that would usually be the responsibility of an audit committee and a nomination committee. The Board considers that, at this stage, no efficiencies or other benefits would be gained by establishing a separate audit committee or a separate nomination committee.

Recommendation 4.2: The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

The company complies with this recommendation.

Recommendation 4.3: A listed entity that has an AGM should ensure that the external auditor attends the AGM and is available to answer questions from security holders relevant to the audit.

The company complies with this recommendation.

5. Principle 5 – Make timely and balanced disclosure

Recommendation 5.1: A listed entity should (a) have a written policy for comply with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary it.

Notification of departure from Recommendations

The Company has not established written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and accountability for compliance.

Explanation for departure from Recommendations

The Directors have a long history of involvement with public listed companies and through the support of professional staff, are kept familiar with the disclosure requirements of the ASX listing rules.

The Company has in place informal procedures that it believes are sufficient for ensuring compliance with ASX Listing Rule disclosure requirements and accountability for compliance. The Board has nominated the Chief Executive Officer and the Company Secretary as being responsible for all matters relating to disclosure.

6. Principle 6 – Respect the rights of security holders

Recommendation 6.1: A listed entity should provide information about itself and its governance to investors via its website.

The company has a website (www.waterbergcoal.com.au) which is maintained via an external service provider with an automatic update in terms of its latest announcement to the regulator.

Recommendation 6.2 A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.

Notification of departure from Recommendations

The Company has not established a formal investor relations program.

Explanation for departure from Recommendations

While the Company has not established a formal investor relations strategy, it actively communicates with investors in order to identify their expectations and actively promotes investor involvement in the Company. Investors with internet access are encouraged to provide their email addresses in order to receive electronic copies of information distributed by the Company. Alternatively, hard copies of information distributed by the Company are available on request.

Recommendation 6.3 A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.

Notification of departure from Recommendations

The Company has not established a formal policy to encourage participation at meetings of security holders.

Explanation for departure from Recommendations

The board will consider additional strategies to ensure that security holder participation is encouraged.

Recommendation 6.4 A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security register electronically.

The company complies with this recommendation.

7. Principle 7 – Recognise and manage risk

Recommendation 7.1: The board of the listed entity should: (a) have a committee or committees to oversee risk, each which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.

Recommendation 7.2: The board or committee of the board should: (a) review the entiy's risk management framework at least annually to satisfy itself that it continues to be sound; and (b) disclose, in relation to each reporting period, whether such a review has taken place.

Recommendation 7.3: A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have any internal audit function, that fact and the process it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.

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

Notification of departure from Recommendations 7.1, 7.2, 7.3 and 7.4

The Company has an informal risk oversight and management policy and internal compliance and control system.

Explanation for departure from Recommendations 7.1, 7.2, 7.3 and 7.4

The Board does not currently have formal procedures in place but is aware of the various risks that affect the Company and its particular business. As the Company develops, the Board will develop appropriate procedures to deal with risk oversight and management and internal compliance, taking into account the size of the Company and the stage of development of its projects.

8. Principle 8 – Remunerate fairly and responsibly

Recommendation 8.1: The board of a listed entity should: (a) have a remuneration committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.

Recommendation 8.2: A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.

Recommendation 8.3: A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.

Notification of departure from Recommendations 8.1, 8.2 and 8.3

The Company does not have a formal remuneration committee nor remuneration policy.

Explanation for departure from Recommendations 8.1, 8.2 and 8.3

The current remuneration of the Directors is disclosed in the Directors' Report. Non-executive Directors receive a fixed fee for their services.

Subject to shareholder approval, the issue of options or shares to non-executive Directors may be an appropriate method of providing sufficient incentive and reward while maintaining cash reserves.

Due to the Company's early stage of development and small size, it does not consider that a separate remuneration committee would add any efficiency to the process of determining the levels of remuneration for the Directors and key executives. The Board believes it is more appropriate to set aside time at specified Board meetings each year to specifically address matters that would ordinarily fall to a remuneration committee. In addition, all matters of remuneration will continue to be in accordance with regulatory requirements, especially in respect of related party transactions, and none of the Directors will participate in any deliberations regarding their own remuneration or related issues.

9. Securities trading policy

The Company adopted a Share Trading policy in December 2010. The policy summarises the law relating to insider trading and sets out the Company's policy on Directors, officers, employees and consultants of the Group dealing in securities of the Company.

The policy is provided to all Directors and employees of the Group and compliance with it is reviewed on an ongoing basis in accordance with the Company's risk management systems.

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2015

	Note	Consolidated 2015 $	Consolidated 2014 $
Continuing operations			
Interest revenue		106,601	333,814
Other income		16,328	186,661
Employee benefits expenses	**6.1**	-	(974,835)
Consultants and legal expenses		(2,314,210)	(3,221,000)
Foreign exchange loss		(258,141)	183,786
Impairment of available for sale financial assets	**13**	(951,744)	(1,894,162)
Share of loss of associate	**14**	(36,011)	(214,473)
Loss on sale of financial asset		(215,277)	-
Share based payment expense	**22**	-	(7,045,631)
Finance costs	**6.2**	(49,845,526)	(35,212,087)
Other expenses	**6.3**	(2,853,981)	(1,354,394)
Loss before income tax		**(56,351,961)**	**(49,212,321)**
Net profit / (loss) from continuing operations for the year		**(56,351,961)**	**(49,212,321)**
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		4,985,371	(3,976,873)
Total comprehensive income / (expenses) for the year		**(51,366,590)**	**(53,189,194)**
Net profit / (loss) attributable to:			
Members of the parent entity		**(53,204,468)**	**(47,278,548)**
Non-controlling interest		**(3,147,493)**	**(1,933,773)**
		(56,351,961)	**(49,212,321)**
Total comprehensive income attributable to:			
Members of the parent entity		**(49,950,040)**	**(49,185,505)**
Non-controlling interest		**(1,416,550)**	**(4,003,689)**
		(51,366,590)	**(53,189,194)**
Earnings / (loss) per share			
From continued and discontinued operations:			
Basic earnings / (loss) per share (cents per share)	**7**	(17.99)	(19.0)
Diluted earnings / (loss) per share (cents per share)	**7**	N/A	N/A

For JSE requirements, the Headline Earnings per Share (“**HEPS**”) has been calculated to be the equivalent of the basic and diluted loss per share as displayed above.

The consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2015 should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position
As at 30 June 2015

	Note	Consolidated 2015 $	Consolidated 2014 $
Current assets			
Cash and cash equivalents	**9**	1,057,663	8,704,374
Trade and other receivables	**10**	461,562	485,268
Total current assets		**1,519,225**	**9,189,642**
Non-current assets			
Exploration and evaluation expenditure	**11**	81,778,099	76,762,076
Property, plant and equipment	**12**	4,334,112	4,103,027
Other receivables	**10**	5,876,587	3,413,417
Available for sale financial assets	**13**	328,143	2,430,319
Investment in associate	**14**	21,699,516	21,735,527
Total non-current assets		**114,016,457**	**108,444,366**
Total assets		**115,535,682**	**117,634,008**
Current liabilities			
Trade and other payables	**15**	18,396,306	14,404,987
Financial liabilities	**16**	111,638,797	69,139,092
Borrowings	**17**	11,666,608	10,047,528
Total current liabilities		**141,701,711**	**93,591,607**
Non-current liabilities			
Financial liabilities	**16**	20,304,636	19,146,476
Total non-current liabilities		**20,304,636**	**19,146,476**
Total liabilities		**162,006,347**	**112,738,083**
Net assets/(liabilities)		**(46,470,665)**	**4,895,925**
Equity			
Contributed equity	**18.1**	54,099,744	54,099,744
Reserves	**19**	12,634,347	9,379,919
Accumulated losses		(119,311,318)	(66,106,850)
Capital and reserves attributable to the owners of The Waterberg Coal Company Limited		**(52,577,227)**	**(2,627,187)**
Non-controlling interest	**29.2**	6,106,562	7,523,112
Total equity/(deficiency)		**(46,470,665)**	**4,895,925**

The consolidated statement of financial position for the year ended 30 June 2015 should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity
For the year ended 30 June 2015

Consolidated	Contributed Equity $	Accumulated losses $	Share based payment reserve $	Foreign currency translation reserve $	Total $	Non-controlling Interest $	Total equity $
Balance at 1 July 2013	**32,139,838**	**(18,828,302)**	**4,241,245**	-	**17,552,781**	-	**17,552,781**
Loss for the period	-	(47,278,548)	-	-	(47,278,548)	(1,933,773)	(49,212,321)
Foreign currency translation	-	-	-	(1,906,957)	(1,906,957)	(2,069,916)	(3,976,873)
Total comprehensive loss for the period	-	(47,278,548)	-	(1,906,957)	(49,185,505)	(4,003,689)	(53,189,194)
Transactions with owners in their capacity as owners							
Shares issued, net of transaction costs	10,933,032	-	-	-	10,933,032	-	10,933,032
Shares issued on acquisition	11,026,874	-	-	-	11,026,874	-	11,026,874
Share based payment	-	-	7,045,631	-	7,045,631	-	7,045,631
Non-controlling interest on acquisition of subsidiary	-	-	-	-	-	11,526,801	11,526,801
Balance at 30 June 2014	**54,099,744**	**(66,106,850)**	**11,286,876**	**(1,906,957)**	**(2,627,187)**	**7,523,112**	**4,895,925**
Loss for the period	-	(53,204,468)	-	-	(53,204,468)	(3,147,493)	(56,351,961)
Foreign currency translation	-	-	-	3,254,428	3,254,428	1,730,943	4,985,371
Total comprehensive loss for the period	-	(53,204,468)	-	3,254,428	(49,950,040)	(1,416,550)	(51,366,590)
Transactions with owners in their capacity as owners							
Shares issued, net of transaction costs	-	-	-	-	-	-	-
Share based payment	-	-	-	-	-	-	-
Balance at 30 June 2015	**54,099,744**	**(119,311,318)**	**11,286,876**	**1,347,471**	**(52,577,227)**	**6,106,562**	**(46,470,665)**

The consolidated statement of changes in equity for the year ended 30 June 2015 should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows
For the year ended 30 June 2015

	Note	Consolidated 2015 $	Consolidated 2014 $
Cash flow from operating activities			
Receipts from customers (inc GST) and ATO		-	-
Payments to suppliers (inc GST) and employees		(4,664,444)	(6,021,715)
Interest paid		(4,226,798)	-
Interest received		106,601	333,814
Other receipts		-	
Net cash outflows from operating activities	**20**	**(8,784,641)**	**(5,687,901)**
Cash flow from investing activities			
Payment for exploration and development		(775,633)	(584,701)
Acquisition in plant and equipment		(8,937)	(61,219)
Cash acquired on acquisition of subsidiary		-	75,789
Proceeds from sale of financial assets		648,704	-
Net cash outflows from investing activities		**(135,866)**	**(570,131)**
Cash flow from financing activities			
Proceeds from share issues, net of transaction costs		-	6,608,551
Proceeds from borrowings		3,701,073	8,750,000
Repayment of borrowings		(26,087)	(2,500,000)
Loans repaid by other entities		437,239	-
Loans repaid to other entities		-	(2,835,594)
Loans to other entities		(2,418,685)	(1,492,915)
Payment of transaction costs		(819,242)	(1,350,000)
Net cash inflows from financing activities		**874,298**	**7,180,042**
Net increase / (decrease) in cash and cash equivalents held		(8,046,209)	922,010
Cash and cash equivalents at the beginning of the year		8,704,374	8,439,558
Net foreign exchange differences		399,498	(657,194)
Cash and cash equivalents at the end of the year	**9**	**1,057,663**	**8,704,374**

The consolidated statement of cash flows for the year ended 30 June 2015 should be read in conjunction with the accompanying notes.

Notes to the consolidated financial statements

1. Corporate information

The Company is a company limited by shares, domiciled and incorporated in Australia whose shares are publicly traded on the ASX.

The nature of operations and principal activities of the Company and the Group are coal and mineral exploration.

The financial report of the Group for the year ended 30 June 2015 was authorised for issue in accordance with a resolution of Directors on 30 September 2015.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act (Cth) 2001*, Accounting Standards and Interpretations and complies with other requirements of the law.

The Group is a for – profit entity for financial reporting purposes under Australian Accounting Standards.

The financial report has also been prepared on a historical cost basis. The presentation currency is Australian dollars.

The accounting policies disclosed below have been consistently applied to all of the years presented unless otherwise stated.

2.1.1. Going Concern

This report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business.

The Group has incurred net losses before tax of $56,351,961 (2014: $49,212,321) and the Group experienced net cash outflows from operating and investing activities of $8,920,507 (2014: $6,258,032) for the year ended 30 June 2015. As at 30 June 2015, the Group had a deficiency of current assets to current liabilities of $140,182,486 (2014: $84,401,965).

On 17 March 2015 the Group advised the market that it had received advice from Standard Bank of South Africa ("**SBSA**") that the convertible debt facility that had been rolled over was due for repayment on 9 April 2015. The Group advised SBSA that it was in discussions with certain parties to raise funding to retire the facility. Whilst the Company sought to restructure the Group's indebtedness, it placed the Group's securities in a trading halt.

On 9 April 2015 the Group had further discussions with SBSA with respect to the secured convertible note facility and introduced to the lenders a third party who confirmed their interest in acquiring the facility; subject to due diligence and commercial negotiations. Whilst these negotiations were in progress SBSA advised that they would maintain the facility on a on demand basis and rolling on a daily basis to give these discussions time to progress. The carrying amount of this facility as at 30 June 2015 is $91,875,000 at fair value. If the facility was to be settled in cash by Waterberg, as at 30 June 2015, the amount payable in principle and interest would be $45,324,375.

On 15 September 2015 the Group entered into a term sheet with Sibanye Gold Limited ("**Sibanye**") whereby, inter alia, Sibanye, have agreed terms with SBSA (as Facility agent) to acquire the Facility held by SBSA.

It is proposed, subject to completion of due diligence and formal transaction documentation, the Facility acquired by Sibanye will, upon the completion of a corporate restructure; and subject to the various regulatory requirements; be converted to equity in the enlarged Group.

The proposed corporate restructuring will see the Group and Firestone Energy Limited merge through a proposed scheme of arrangement in accordance with the provisions of the Corporations Act (Cth) 2001.

In addition to the acquisition of the Facility and the conversion of same into equity in the enlarged group, Sibanye will provide financing of AU$8.5 million as additional working capital to the Group, initially as an interest free loan with Sibanye to subsequently subscribe for shares following the corporate consolidation.

The Group also has various other borrowings and trade creditors due totalling $62,974,563, including accrued interest. These amounts will also be required to be paid or refinanced and maturity dates extended. The Group has engaged with these other providers of short term debt to seek an extension of the current maturity dates.

In addition, the Group is currently in negotiations with other parties for short-term interim funding to ensure that it has sufficient working capital until such time as the Sibanye funding becomes available.

The Directors believe, dependent on the Sibanye transaction proceeding, that it is reasonably foreseeable that the Group will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report after consideration of the following factors:

a. The ability to issue additional shares under the *Corporations Act (Cth) 2001* to raise further working capital; and/or

b. The ability to raise additional short term debt financing; and/or

c. The support of existing financiers and creditors; and/or

d. Negotiations with third parties to provide funding direct into the coal projects and IPP strategy that the Group is proposing to develop; and/or

e. Funding directly into the IPP platform by way of a sale of equity in that entity would result in the Group accessing additional working capital; and/or

f. Additionally the group is in advanced discussions with certain parties with the respect to the entering into a mining contract. Upon this event proceeding, the counter party to the mining contract is to subscribe for equity in the Group.

Should the group not achieve any or all of the above, this indicates the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern.

Should the Group be unable to continue as a going concern it may be required to realise its assets and discharge its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount of liabilities that might result should the Group be unable to continue as a going concern and meet its debts as and when they fall due.

2.2 Statement of compliance

The financial report complies with Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

2.3 New accounting standards and interpretations issued but not yet effective

The following applicable accounting standards and interpretations have been issued or amended but are not yet effective. These standards have not been adopted by the Group for the year ended 30 June 2015 and no change to the Group's accounting policy is required.

Reference	Title	Summary	Impact on financial report	Application date
AASB 9 (issued December 2014)	Financial Instruments	**Classification and Measurement** AASB 9 amendments the classification and measurement of financial assets: • Financial assets will either be measured at amortised cost, fair value through other comprehensive income (FVTOCI) or fair value through profit or loss (FVTPL). • Financial assets are measured at amortised cost or FVTOCI if certain restrictive conditions are met. All other financial assets are measured at FVTPL. • All investments in equity instruments will be measured at fair value. For those investments in equity instruments that are not held for trading, there is an irrevocable election to present gains and losses in OCI. Dividends will be recognised in profit or loss. The following requirements have generally been carried forward unchanged from AASB 139 Financial Instruments: Recognition and Measurement into AASB 9:	The entity has financial assets classified as available-for-sale. When AASB 9 is first adopted, the entity will reclassify these into the fair value through profit or loss category. On 1 July 2018, the cumulative fair value changes in the available-for-sale reserve will be reclassified into retained earnings and subsequent fair value changes will be recognised in profit or loss. The change is applied retrospectively, however comparatives need not be retrospectively restated. Instead, the cumulative effect of applying the change for the first time will be recognised as an adjustment to the opening balance of retained earnings on 1 July 2018. The entity has financial liabilities measured at fair value through profit or loss. The amendments require that any changes in fair value attributable to the liability's credit risk be recognised in other comprehensive income instead of profit or loss. The change is applied retrospectively, however comparatives need not be retrospectively restated. Instead, the cumulative effect of applying the change for the first time is recognised as an adjustment to the	J July 2018

Reference	Title	Summary	Impact on financial report	Application date
		• Classification and measurement of financial liabilities, and • Derecognition requirements for financial assets and liabilities. However, AASB 9 requires that gains or losses on financial liabilities measured at fair value are recognised in profit or loss, except that the effects of changes in the liability's credit risk are recognised in other comprehensive income.	opening balance of retained earnings on 1 July 2018.	
AASB 15 (issued December 2014	Revenue from Contracts with Customers	An entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This means that revenue will be recognised when control of goods or services is transferred, rather than on transfer of risks and rewards as is currently the case under IAS 18 Revenue.	Due to the recent release of this standard, the entity has not yet made a detailed assessment of the impact of this standard	1 July 2018

There are no other standards that are not yet effective and that are expected to have a material impact on the Group in the current of future reporting periods and on foreseeable future transactions.

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of The Company and the Group.

Subsidiaries are all those entities (including special purpose entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The financial statements of the Group are prepared for the same reporting period as the parent Company, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-company transactions have been eliminated in full.

2.5 Business combinations

The acquisition of controlled entities is accounted for using the acquisition method of accounting. The acquisition method of accounting involves recognising at acquisition date, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The identifiable assets acquired and the liabilities assumed are measured at their acquisition date fair values.

The difference between the above items and the fair value of the consideration (including the fair value of any pre-existing investment in the acquiree) is goodwill or a discount on acquisition.

A change in the ownership interest of a controlled entity that does not result in a loss of control is accounted for as an equity transaction.

2.6 Asset acquisitions

When an asset acquisition does not constitute a business combination, the assets and liabilities are assigned a carrying amount based on their relative fair values in an asset purchase transaction and no deferred tax will arise in relation to the acquired assets and assumed liabilities, as the initial recognition exemption for deferred tax under AASB 112 *Income Taxes* applies. No goodwill will arise on the acquisition.

2.7 Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash at bank and in hand and short term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above excluding any outstanding bank overdrafts. Bank overdrafts are included within interest-bearing loans and borrowings in current liabilities on the consolidated statement of financial position.

2.8 Trade and other receivables

Trade receivables, which generally have 30 to 90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

Impairment of trade receivables is continually reviewed and those that are considered to be uncollectible are written off by reducing the carrying amount directly. An allowance account is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original contractual terms. Factors considered by the Group in making this determination include known significant financial difficulties of the debtor, review of financial information and significant delinquency in making contractual payments to the Group. The impairment allowance is equal to the difference between the carrying amount of the receivable and the present value of estimated future cash flows, discounted at the original effective interest rate. Where receivables are short-term, discounting is not applied in determining the allowance.

The amount of the impairment loss is recognised in the consolidated statement of profit or loss and other comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the consolidated statement of profit or loss and other comprehensive income.

2.9 Impairment of non-financial assets

At the end of the reporting period, the Group assesses whether there is any impairment indicator. The assessment includes consideration of external and internal sources of information. If such indicators exist, an impairment test is performed. Impairment testing is performed by comparing the recoverable amount of the asset with the higher of value in use and fair value less costs to sell the asset. Any excess is expensed to the profit/loss.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate the impairment may have reversed.

2.10 Intangible assets

Intangible assets are initially measured at cost. Following initial recognition, they are carried at cost less accumulated amortisation and impairment. Intangibles with a finite life are amortised over their useful lives and assessed for impairment annually where there is an indicator of impairment.

2.11 Exploration and evaluation expenditure

Exploration and evaluation expenditure costs related to each identifiable area of interest are carried forward to the extent that:

a. The rights to tenure of the areas of interest are current and the Group controls the area of interest in which the expenditure has been incurred; and

b. Such costs are expected to be recouped through successful development and exploitation of the area of interest, or alternatively by its sale; or

c. Exploration and evaluation activities in the area of interest have not at the reporting date reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to the area of interest are continuing.

Exploration and evaluation expenditure are generally capitalised where a JORC (Joint Ore Reserves Committee) resource has been identified and probable future economic benefits are demonstrated.

When the technical feasibility and commercial viability of extracting a mineral resource have been demonstrated then any capitalised exploration and evaluation expenditure is reclassified as capitalised mine development. Prior to reclassification, capitalised exploration and evaluation expenditure is assessed for impairment.

In the event that an area of interest is abandoned or if the directors consider the expenditure to be of no value, accumulated costs carried forward are written off in the year in which that assessment is made. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

2.11.1. Impairment

Exploration and evaluation assets are assessed annually for indicators of impairment and where impairment indicators exist, recoverable amounts of these assets will be estimated based on discounted cash flows from their associated cash generating units. The consolidated statement of profit or loss and other comprehensive income will recognise expenses arising from the excess of the carrying values of exploration and evaluation assets over the recoverable amounts of these assets.

2.12 Property, plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the Group will include the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Surface rights refer to ownership of the land that the entity intends to mine, and is separate from a license to tenure over the land. These assets will be classified as property and carried at cost. The property will be amortised over a life of mine basis, with amortisation commencing upon production of saleable coal.

2.13 Depreciation

The depreciation amount of all fixed assets including building and capitalised lease assets is depreciated on a straight line basis over their useful lives to the Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Office furniture & equipment	4 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in profit or loss.

2.14 Trade and other payables

Liabilities for trade and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

2.15 Interest-bearing liabilities (borrowings)

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds of borrowings (net of transaction costs) and the redemption amount is recognised in the statement of profit or loss and other comprehensive income over the period of the borrowings using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised.

2.15.1. Borrowing costs

Borrowing costs are recognised as expenses in the period in which they are incurred, except for those relating to qualifying assets. Borrowing costs include interest on borrowings.

2.16 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the obligation.

Provisions are measured at the present value of management’s best estimate of the expenditure required to settle the present obligation at reporting date. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the time value of money and the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised in finance costs.

2.17 Employee leave benefits

2.17.1. Wages, salaries and annual leave

The provisions for employee benefits for wages, salaries (including non-monetary benefits) and annual leave resulting from employees' services provided up to the balance date, that are expected to be settled within one year of the reporting date have been measured at the undiscounted amounts expected to be paid when the liability is settled based on current wage and salary rates including related on-costs. Expected future payments beyond one year are discounted using market yields at the reporting date on national corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

2.17.2. Employee benefit on-costs

Employee benefit on-costs, such as payroll tax and superannuation, are recognised and included in employee benefit liabilities and costs when the employee benefits to which they relate are recognised.

2.17.3. Equity settled transactions

The Group provides benefits to employees (including key management personnel) of the Group in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares ("equity settled transactions"), under the Waterberg Coal Executive Option Plan.

The fair value of options granted under the Group's Executive Share Option Plan is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the vesting period.

The fair value at grant date is determined using an appropriate option pricing model that takes into account exercise price, term of the option, vesting and performance criteria, dilution impact, the non-tradeable nature of the option, share price at grant date and expected price volatility of the underlying share, expected dividend yield and risk free interest rate for the term of the option, further details of which are given in note 22.

The fair value of the options granted excludes the impact of any non-market vesting conditions (for example profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance date, the entity revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate.

2.18 Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

2.19 Revenue recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

Sales are recognised as revenue only when there has been a passing of title and risk to the customer, and:

a. the product is in a form suitable for delivery and no further processing is required by, or on behalf of the entity;

b. quantity and quality (grade) of the product can be determined with reasonable accuracy;

c. the product has been dispatched to the customer and is no longer under the physical control of the Group (or property in the product has earlier passed to the customer);

d. the selling price can be measured reliably;

e. it is probable that the economic benefits associated with the transaction will flow to the Group; and

f. the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest income is recognised on a time proportion basis using the effective interest rate method.

2.20 Income tax and other taxes

The income tax expense or revenue for the period is the tax payable on the current period's taxable income / (loss) based on the notional income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for all temporary differences at the tax rates expected to apply when the assets are realised or liabilities are settled, based on those tax rates (and tax laws) that are enacted or substantively enacted for each jurisdiction at the balance date. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences and carry-forward of unused tax credits and unused tax losses only if it is probable that future taxable profits will be available to utilise those deductible temporary differences and carry-forward of unused tax credits and unused tax losses. Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future. Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity and not in profit or loss.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

2.20.1. Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

a. where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

b. receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.

Cash flows are included in the consolidated statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, that is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

2.21 Earnings per share

2.21.1. Basic earnings per share

Basic earnings per share is calculated by dividing the net profit (loss) attributable to members of the parent, by the weighted average number of ordinary shares, adjusted for any bonus element and the requirements outlined in paragraph 64 of AASB 133.

2.21.2. Diluted earnings per Share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares currently held as options.

2.22 Investments in controlled entities

All investments are initially recognised at cost, being the fair value of the consideration given. Subsequent to the initial measurement, investments in controlled entities are carried at cost less accumulated impairment losses.

2.23 Investments in associates

Associates are companies in which the Group has significant influence through holding, directly or indirectly, 20% or more of the voting power of the Group. Investments in associates are accounted for in the financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Group's share of net assets of the associate company. In addition, the Group's share of the profit or loss of the associate company is included in the Group's profit or loss.

The carrying amount of the investment includes goodwill relating to the associate. Any discount on acquisition whereby the Group's share of the net fair value of the associate exceeds the cost of investment is recognised in profit or loss in the period in which the investment is acquired.

Profits and losses resulting from transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. When the associate subsequently makes profits, the Group will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised. Details of the Group's investments in associates are provided in note 14.

2.24 Interests in joint operations

Under AASB 11 *Joint Arrangements*, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

The Group recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the financial statements under the appropriate headings.

2.25 Financial Instruments

2.25.1. Recognition

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date the company commits itself to either the purchase or sale of the asset (i.e. trading date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which the transaction costs are expensed to profit or loss immediately.

2.25.2. Classification and subsequent measurement

Financial instruments are subsequently measured at air value, amortised cost using the effective interest method, or cost.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principle repayment and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transaction, reference to similar instruments and option pricing models.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) over the expected life (or when this cannot be reliably predicted, the contractual terms) of the financial instrument to the net carrying amount of the financial asset or financial liability.

2.25.3. Financial assets at fair value through profit and loss

Financial assets are classified as "fair value through profit or loss" when they are held for trading for the purpose of short term profit trading, derivatives not held for hedging purposes or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss.

2.25.4. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

2.25.5. Available for sale financial assets

If there is objective evidence of impairment for available for sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised profit or loss. Refer to note 13.

Impairment losses on equity instruments that were recognised in profit or loss are not reversed through profit or loss in a subsequent period.

2.25.6. Held-to-maturity investments

These investments have fixed maturities, and it is the Group's intention to hold these investments to maturity. Any held-to-maturity investments held by the Group are stated at amortised cost using the effective interest rate method.

2.26 Financial Liabilities

Non-derivative financial liabilities are initially recognized at fair value net of directly attributable transaction costs. On subsequent measurement, non-derivative financial liabilities are measured at amortised cost using the effective interest method.

2.26.1. Compound financial instruments

Compound financial instruments issued by the Group comprise convertible notes that can be converted to ordinary shares at the option of the holder, when the number of shares to be issued is fixed. The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition. Interest related to the financial liability is recognised in profit or loss. On conversion the financial liability is reclassified to equity and no gain or loss is recognised.

Convertible notes that can be converted to share capital at the option of the holder and where the number of shares is variable, contains an embedded derivative liability. The embedded derivative liability is calculated (at fair value) first and the residual value is assigned to the debt host contract. The embedded derivative is subsequently measured at fair values and movements are reflected in the profit and loss.

Certain convertible notes issued by the Group which include embedded derivatives (option to convert to variable number of shares in the Group is recognised as financial liabilities at fair value through profit or loss). On initial recognition, the fair value of the convertible note will equate to the proceeds received and subsequently the liability is measured at fair value at each reporting period until settlement. The fair value movements are recognised on the profit and loss as finance costs.

2.27 Comparative information

Where required by Australian Accounting Standards, or allocations changes are relevant to the current years reporting, comparatives have been adjusted to conform to changes in presentation for the current financial period.

2.28 Foreign Currency Transactions and Balances

2.28.1. Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars, which is the parent entity's functional currency.

2.28.2. Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recognised in other comprehensive income; otherwise the exchange difference is recognised in profit or loss.

2.28.3. Group companies

The financial results and position of foreign operations, whose functional currency is different from the Group's presentation currency, are translated as follows:

a. assets and liabilities are translated at exchange rates prevailing at the end of the reporting period;

b. income and expenses are translated at average exchange rates for the period; and

c. retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations with functional currencies other than Australian dollars are recognised in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position. The cumulative amount of these differences is reclassified into profit or loss in the period in which the operation is disposed of.

3. Financial risk management objectives and policies

The Group's principal financial instruments comprise bank loans, convertible notes, other financial assets and cash and short-term deposits.

The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables that arise directly from its operations. The main risks arising from the Group's financial instruments are price risk, credit risk and liquidity risk. The Board reviews and agrees policies for managing each of these risks as summarised below.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2 to the financial statements. Refer to note 23 for further details.

4. Significant accounting judgements, estimates and assumptions

The preparation of financial statements requires estimates and assumptions concerning the application of accounting policies to be made by the Group. These assumptions, judgements and estimates are continually evaluated and are believed to be reasonable based on the most current information available to management. The resultant accounting outcomes however will inevitably rarely equate to the actual outcome. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Significant judgements, estimates and assumptions made by management in the preparation of these financial statements are outlined below:

4.1 Significant accounting estimates and judgements

In the process of applying the entity's accounting policies, management makes various judgements, apart from those involving estimations, that can significantly affect the amounts recognised in the financial statements. Specifically, management made judgements in determining the fair value classification of its suite of convertible notes and investments.

4.1.1. Fair value of convertible notes

Convertible notes that can be converted to share capital at the option of the holder and where the number of shares is variable, contains an embedded derivative liability. The embedded derivative liability is calculated (at fair value) first and the residual value is assigned to the debt host contract. The embedded derivative is subsequently measured at fair value and movements are reflected in the profit or loss.

Certain convertible notes issued by the Group which include embedded derivatives (option to convert to variable number of shares in the Group) are recognised as financial liabilities at fair value through profit or loss. On initial recognition, the fair value of the convertible note will equate to the proceeds received and subsequently the liability is measured at fair value at each reporting period until settlement. The fair value movements are recognised in the profit or loss as finance costs.

Interest related to the convertible notes is recognised in profit or loss as finance costs.

4.1.2. Controlled entities with ownership interests of less than 50% of the voting rights

The Directors have concluded that the group controls Firestone, even though it holds only 45.88% on the basis that the group has power over the relevant activities of Firestone through its:

a. Voting rights at the investee's board meetings; and

b. Provision of key management personnel to the investee.

4.1.3. Accounting for exploration and evaluation expenditure

The Group capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage that permits a reasonable assessment of the existence of reserves. While there are certain areas of interest from which no reserves have been extracted, the directors are of the continued belief that such expenditure should not be written off since feasibility studies in such areas have not yet concluded.

4.1.4. Recoverability of interest in joint operation

The Group considers its interest in the joint operation asset (being capitalised exploration and evaluation expenditure) is recoverable based on future coal sales from a developed coal mine, and has not been impaired on the basis that the underlying asset will be successfully commercialised and tenure is current and in good standing. This is dependent on the Group continuing as a going concern as noted above in Note 2.1.1. Further details on this balance can be found in Note 11.

4.1.5. Recoverability of surface rights

Surface rights refer to ownership of the land that the Group intends to mine, and is separate from a licence to tenure over the land. The greater area of Lephalale consists of many farms with many of these properties having coal reserves. The market rate per hectare for these properties is above the current cost at which the surface rights are carried at in the Group's statement of financial position. As the market values are above the current carrying values of the Group's owned surface rights, and the ownership of these rights ensures access to the Group's coal reserves, no impairment has been required.

4.1.6. Impairment – general

The Group assesses impairment at the end of each reporting period by evaluating conditions and events specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

No impairment has been recognised during this financial year (2014: nil).

4.1.7. Share based payment transactions

The Group measures the cost of equity settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black Scholes formula taking into account the terms and conditions upon which the instruments were granted, as discussed in note 22.

5. Segment information

Management has determined the operating segments based on the reports reviewed by the board of directors that are used to make strategic decisions. The entity does not have any operating segments with discrete financial information.

The Board of Directors review internal management reports on a monthly basis that is consistent with the information provided in the statement of profit or loss and other comprehensive income, statement of financial position and statement of cash flows. As a result no reconciliation is required because the information as presented is what is used by the Board to make strategic decisions.

6. Expenses

	Consolidated 2015 $	Consolidated 2014 $
6.1 Employee benefits expense		
Wages, salaries and superannuation	-	974,835
	-	**974,835**

	Consolidated 2015 $	Consolidated 2014 $
6.2 Finance costs		
Facility fees	65,694	1,887,535
Interest expense	10,505,559	10,533,331
Amortisation of convertible note transaction costs	-	285,974
Net expense on financial assets and liabilities at fair value through profit and loss	39,274,273	22,505,247
	49,845,526	**35,212,087**
6.3 Other expenses		
Corporate costs	169,424	419,421
Accounting and audit fees	311,680	92,161
Travel and accommodation expenses	385,489	478,964
Other expenses	1,987,388	363,848
	2,853,981	**1,354,394**

The Group has a large amount of carried forward tax losses of which the unrecognised deferred tax assets are materially greater than the level of deferred tax liabilities. The Group has not recognised income tax expense, tax assets and tax liabilities as it is not probable that future taxable amounts will be available to utilise those temporary differences. These losses will also be subject to a review on their ability to be utilised going forward.

7. Earnings / (Losses) per share

The following reflects the net profit / (loss) and share data used in the basic and diluted earnings per share computations:

	Consolidated 2015 $	Consolidated 2014 $
Profit / (loss) from continuing and discontinuing operations (used in calculating basic and diluted EPS)	**(56,351,961)**	**(49,212,321)**
Weighted average number of ordinary shares for basic loss per share	313,287,148	252,961,693
Weighted average number of ordinary shares adjusted for the effect of dilution	N/A	N/A

8. Income tax expense / (benefits)

8.1 Income tax expense / (benefit)

	Consolidated 2015 $	Consolidated 2014 $
Current tax	-	-
Deferred tax	-	-
Deferred income tax / (benefit) expense included in income tax expense comprises:	-	-
Decrease / (increase) in deferred tax assets	-	-
(Decrease) / increase in deferred tax liabilities	-	-

8.2 Reconciliation between aggregate tax benefit recognised in the income statement and tax calculated per the statutory income tax rate

Profit / (loss) from ordinary activities before income tax	**(56,351,961)**	**(49,212,321)**
Income tax (loss) / benefit at the statutory rate of 30% (2014: 30%)	(16,905,588)	(14,763,696)
Tax effect of amounts that are not deductible in calculating taxable income:	**-**	**-**
Share-based payments	-	2,113,689
Impairment losses	-	-
Other – fair value movements in liabilities	11,672,181	11,954,557
Other non-deductible/(non-assessable) amounts	4,247,910	-
Other timing differences not recognised	427,844	474,410
Unrecognised tax losses	538,457	221,040
Foreign tax rates differential	19,196	-
Benefit of tax losses not brought to account	-	-
Income tax expense	-	-

8.3 Tax losses

Estimated unused tax losses for which no deferred tax asset has been recognised	**101,780,181**	**97,401,259**

There are no instruments (e.g. share options) excluded from the calculation of diluted earnings per share that could potentially dilute basic earnings per share in the future because they are anti-dilutive for either of the periods presented.

The issued shares in the Group were consolidated on a 1 for 60 basis on 17 July 2012 and on a 1 for 10 basis on 9 April 2013. The post consolidation shares have been used for the purpose of calculating the basic and diluted earnings per share as required by paragraph 64 of AASB 133.

9. Cash and cash equivalents

	Consolidated 2015 $	Consolidated 2014 $
Cash at bank and in hand	28,625	2,103,312
Restricted cash[1]	1,029,038	6,601,062
	1,057,663	**8,704,374**

Short term deposits earn interest at floating rates based on prevailing bank deposit rates.

Information about the Group's exposure to interest rate risk is provided in note 23.

10. Trade and other receivables

	Consolidated 2015 $	Consolidated 2014 $
Current		
GST receivable	111,206	133,552
Prepayments	350,356	350,336
Other receivables	-	1,380
Interest receivable	-	-
	461,562	**485,268**

Receivables are non-interest bearing and are generally on 30 day terms and therefore due to their short term nature, their carrying values approximate their fair values. A provision is recognised when there is objective evidence that the individual trade receivable is impaired. The receivables credit risk has been reviewed and assessed as immaterial as the counterparties are recognised and reputable companies. None of the current receivables are impaired nor past due.

	Consolidated 2015 $	Consolidated 2014 $
Environmental rehabilitation bond	1,505,956	1,420,502
Advances to Sekoko Coal (Pty) Ltd	4,070,631	1,992,624
Advances to Sekoko Resources (Pty) Ltd	-	291
Payment receivable Apollo Minerals Ltd	300,000	-
	5,876,587	**3,413,417**

The Group agreed to provide Sekoko Coal (Pty) Ltd with an unsecured loan of $1,992,624 for expenditure on the Waterberg Coal Project. The loan is non-interest bearing and will be repayable once the project generates revenue.

As per the sale agreement for the Claypan Project (refer to note 11), $300,000 is to be received after settlement from Apollo Minerals Limited.

[1] Included in the cash balance at 30 June 2015 was $1,029,038 held as a security deposit on the AU$35 million convertible note facility (note 16). The security deposit has been used to repay a portion of the interest owing under that facility.

Information about the Group's exposure to foreign exchange risk and interest rate risk is provided in note 23.

11. Exploration and evaluation expenditure

	Consolidated 2015 $	Consolidated 2014 $
Opening balance at beginning of the year	76,762,076	25,291,518
Interest in joint venture acquired on acquisition of Firestone (Exploration and Evaluation Expenditure) [1]	-	56,152,478
Additional exploration expenditure	775,633	584,701
Sale of exploration license [2]	(13,549)	-
Foreign currency movements	4,253,939	(5,266,621)
Carrying amount at the end of the year	**81,778,099**	**76,762,076**

12. Property, plant and equipment

	Consolidated 2015 $	Consolidated 2014 $
Office furniture and equipment:		
• Cost	227,913	207,616
• Accumulated depreciation	(171,469)	(139,526)
	56,444	**68,090**
Property – surface rights:		
• Cost	4,277,668	4,034,937
Total property, plant and equipment	**4,334,112**	**4,103,027**

[1] On 23 September 2013, the off-market takeover bid for all the ordinary shares in Firestone closed (note 30). At the conclusion of the offer, the Company's shareholding in Firestone was 45.88%. The Group is a participant with Sekoko Coal (Pty) Ltd in a coal project in the Waterberg locality in South Africa. The Company holds a 60% earn-in interest and Sekoko Coal (Pty) Ltd a 40% interest, and the project is funded in the same ratio. The joint venture is carried out through the Company's 100% owned subsidiaries, Lexshell 126 General Trading (Pty) Ltd and Checkered Flag Investments 2 (Pty) Ltd. The joint venture agreements in relation to the Waterberg joint venture require unanimous consent from all parties for all relevant activities. The joint venture is unincorporated. This entity is therefore classified as a joint operation and the Group recognises its direct right to the jointly held assets, liabilities, revenues and expenses as described in Note 2.13. The principal place of business of the joint operation is in South Africa.

[2] An agreement for sale of Claypan Dam (EL4445) was made on 19 November 2014 with Apollo Minerals Limited. Apollo fully paid ordinary shares (Apollo shares) equal to the value of $75,000 were issued as consideration. Following settlement a further issue of Apollo shares to the value of $50,000, are to be issued and on the basis of the JORC resource statement at 31 December 2017, a further $250,000 is receivable

Movements in the carrying amounts of each class of property, plant and equipment are set out below:

Office furniture and equipment		
Balance at the beginning of year	68,090	-
Additions[1]	26,903	101,171
Depreciation expense	(15,237)	(32,599)
Foreign exchange adjustment	(23,312)	(482)
Carrying amount at the end of the year	**56,444**	**68,090**
Property – surface rights		
Balance at the beginning of year	4,034,937	-
Additions[1]	-	4,305,283
Foreign exchange adjustment	242,731	(270,346)
Carrying amount at the end of the year	**4,277,668**	**4,034,937**

13. Available for sale financial assets

	Consolidated 2015 $	**Consolidated 2014 $**
Investment in Global Resource Investment Trust Plc [2]	4,324,481	4,324,481
Impairment charged to profit or loss[3]	(2,845,906)	(1,894,162)
Disposal of Investment in Global Resource Investment Trust Plc	(1,150,432)	-
	328,143	**2,430,319**

Movements in available for sale financial assets are set out below:

	Consolidated 2015 $	**Consolidated 2014 $**
Balance at the beginning of year	2,430,319	-
Additions[1]	-	4,324,481
Impairment expense	(951,744)	(1,894,162)
Disposals	(1,150,432)	-
	328,143	**2,430,319**

Refer to note 24 for details on the fair value of available for sale financial assets.

[1] In the prior year, office furniture and equipment additions include a net amount of $39,952 acquired. Property – surface rights additions include an amount of $4,305,283 acquired in the prior year.
[2] On 7 March 2014, the Company entered into a Share Exchange Agreement with Global Resources Investment Trust Plc (“**GRIT**”), a company listed on the London Stock Exchange. The Company has exchanged 20,000,000 new Ordinary shares in the Company at a price of approximately £0.1168 per share and the Company has received 2,335,220 ordinary shares in the capital of GRIT at the issue price of approx. AU$4.32 million.
[3] Due to the significant and sustained decline in value of GRIT shares, an impairment charge of $951,744 (2014: 1,894,162) has been charged to the profit or loss.

14. Investment in associate

	Consolidated 2015 $	Consolidated 2014 $
Investment in Sekoko Coal (Pty) Ltd	21,950,000	21,950,000
Share of loss of associate [1]	(250,484)	(214,473)
	21,699,516	**21,735,527**

14.1 Principal activity and general information

Ownership interest in Sekoko Coal Pty Ltd at the end of that associate Company's reporting period was 25% of ordinary shares.

Name	Principal Activity	Country of Incorporation	Share	Ownership Interest 2015 %	Ownership Interest 2014 %
Unlisted:					
Sekoko Coal (Pty) Ltd	Exploration and coal mining	South Africa	Ord	25%	25%

14.2 Summarised presentation of aggregate assets, liabilities and performance of associate at 25%

	30 June 2015 $	30 June 2014 $
Current assets	1,447,419	55,784
Non-current assets	859,460	1,664,061
Total assets	**2,306,879**	**1,719,845**
Current Liabilities	(2,805,215)	(1,785,831)
Non- current Liabilities	-	(363,248)
Total liabilities	**(2,805,215)**	**(2,149,079)**
Equity	**(498,336)**	**(429,324)**
Revenue	105,030	6,280
Loss	**(36,011)**	**(214,473)**

Sekoko Coal (Pty) Ltd has no commitments or contingent liabilities.

[1] In June 2013 the Group acquired a 25% interest in Sekoko Coal (Pty) Ltd, resulting in a 10% indirect interest in the Waterberg Coal Project.

15. Trade and other payables

Unsecured	Consolidated 2015 $	Consolidated 2014 $
Trade creditors	2,748,696	3,092,115
Other creditors and accruals	397,739	1,041,442
Interest payable	15,201,696	10,271,430
Overdraft facility	48,175	-
	18,396,306	**14,404,987**

Trade payables are non-interest bearing and are normally settled on 30 day terms. Information about the Group's exposure to foreign exchange risk is provided in note 23.

In June 2013 the Group acquired a 25% interest in Sekoko Coal (Pty) Ltd, resulting in a 10% indirect interest in the Waterberg Coal Project.

16. Financial liabilities

	Consolidated 2015 $	Consolidated 2014 $
Current		
Convertible note facility at fair value[1]	111,638,797	69,139,092
	111,638,797	**69,139,092**
Non-Current		
Convertible note facility at amortised cost[2]	20,304,636	19,146,476
	20,304,636	**19,146,476**

[1] The Group has entered into various convertible facility agreements. The face value of the SBSA convertible notes is AU$35 million and these were due to mature on 9 October 2014. Up until maturity the notes incurred interest at 12% + 1 month Australian Bank Bill Swap Rate however subsequent to maturity, the notes incur interest at 17% + 1 month Australian Bank Bill Swap Rate. Interest is accrued monthly in arrears. Accrued interest is included in the other creditors and accruals balance in note 15. If the lender elects to convert the facility into shares the formula is 2.1 times the facility amount at a discount equivalent to 20% of the 30 day VWAP before the election to convert. Included in the cash balance (note 9) at 30 June 2015 was $1,029,038 held as a security deposit on the AU$35 million. The security deposit has been used to repay a portion of the interest owing under that facility. Notes with a face value of US$2.7 million have a maturity date of 30 June 2016. They bear cash coupon interest at a fixed rate of 6% per annum, payable quarterly, and deferred interest at a fixed rate of 6% per annum compounded monthly and payable at maturity. Accrued interest is included in the other creditors and accruals balance in note 15. The notes can be converted at any time before the maturity date at a conversion price of $0.007. They are secured over the assets of the Group. The remainder of the notes have a cumulate face value of AU$5,963,977 and were due to mature in November 2014. The notes incur interest at 12% + 1 month Australian Bank Bill Swap Rate and interest is accrued monthly in arrears. Accrued interest is included in the other creditors and accruals balance in note 15. If the lenders elect to convert the facility into shares the formula is 2.1 times the facility amount at a discount equivalent to 20% of the 30 day VWAP before the election to convert

[2] The total face value of the notes is $22.145 million and the maturity date 31 January 2017. They bear interest at a fixed rate of 8% per annum. The notes can be converted at any time before the maturity date at a conversion price of $0.025. They are secured over the assets of Firestone Energy Limited and its subsidiaries. The initial fair value of the liability portion of the convertible note was determined using a market interest rate for an equivalent non-convertible bond at the issue date. The liability is subsequently recognised on an amortised cost basis until extinguished on conversion or maturity of the notes. The remainder of the proceeds is allocated to the conversion option and recognised in shareholders' equity, net of income tax, and not subsequently remeasured. The fair value as at 30 June 2015 of the convertible note liability recognised at amortised cost is $21 million.

17. Borrowings

	Consolidated 2015 $	Consolidated 2014 $
Current		
Unsecured loans carried at amortised cost		
Loan payable – Sekoko Resources (Pty) Ltd [1]	7,843,571	6,783,302
Loan payable – Richmond Capital LLP [2]	2,089,420	2,089,420
Loan payable – Resource Venture Capital Partners [3]	219,503	174,973
Loan payable – Haworth Finance Limited [2]	644,736	500,000
Loan payable – Vernon Finance Limited [2]	347,545	-
Loan payable – Millcorp Super Fund [3]	22,000	-
Loan payable – Celtic Capital Pty Ltd [4]	416,500	416,500
Loan payable – Jason and Lisa Peterson [5]	83,333	83,333
	11,666,608	**10,047,528**

18. Contributed equity

	Consolidated 2015 $	Consolidated 2014 $
18.1 Ordinary shares		
315,933,963 issued and fully paid ordinary shares (2014: 313,265,213)	**54,099,744**	**54,099,744**

Fully paid ordinary shares carry one vote per share and carry the right to dividends. The shares have no par value. In the event of winding up of the Group, ordinary shareholders rank after creditors and are only entitled to any surplus proceeds of liquidation. At Shareholders' meetings, each ordinary share is entitled to one vote when a poll is called, otherwise, each shareholder as one vote on a show of hands.

[1] Interest is charged at the South African prime rate of 9.25% (2014: 9.0%). The loan is unsecured.
[2] The loans are non-interest bearing and are repayable at call.
[3] The loans are non-interest bearing and are repayable at call. The lender is a company of which Stephen Miller is a related party.
[4] In the prior year, the Group borrowed $1,500,000 from Celtic Capital Pty Ltd. The loan was refinanced on 18 October 2013 and is now repayable at call. Interest is charged at a fixed rate of 45%.
[5] The loan was repayable within 12 months from 31 December 2013 but is now repayable at call and interest is charged at a fixed rate of 50%.

	Issue Price (cents)	Number of Shares	$
Movement in ordinary shares on issue			
At 30 June 2013		**177,005,123**	**32,139,838**
Shares issued via private placement	19	8,192,978	1,540,500
Shares issued via public offerings	20	7,502,500	1,500,500
Shares issued on acquisition of subsidiary (refer to notes 22 and 30)	15	71,792,189	11,026,874
Private Placement – 18 February 2014	20	800,000	160,000
Private Placement – 18 February 2014	17	6,200,000	1,053,923
Conversion of options – 17 March 2014	17	7,440,000	1,264,708
Subscription agreement with Global Resource Investment Trust Plc (refer to note 22)	22	20,000,000	4,324,481
Placement – 4 April 2014	17	1,000,000	169,987
Placement – 27 June 2014[1]	6.3	13,332,423	1,000,000
Costs of issue	-	-	(81,067)
At 30 June 2014		**313,265,213**	**54,099,744**
Private Placement – 30 June 2015[1]	6.3	2,668,750	-
At 30 June 2015		**315,933,963**	**54,099,744**

	Consolidated 2015 No	Consolidated 2014 No.
18.2 Options over ordinary shares	**132,002,346**	**135,180,323**

Movement in options	Consolidated Number of Options
At 30 June 2013	**48,256,212**
Issue of listed options[3]	11,192,823
Issue of listed options[2]	800,000

[1] Issue to complete the 27 June 2014 placement of 16,001,173 fully paid ordinary shares. The placement was not able to be completed until LR 7.1 capacity became available
[2] On 18 February 2014, 800,000 free attaching listed options were issued to Bronze Services Ltd. The options have an exercise price of ZAR 1.78 and expire 31 December 2014.
[3] In September and December 2013, 11,192,823 listed options were issued for nil consideration under the placement. The options have an exercise price of 20 cents expire 31 December 2014.

Movement in options	**Consolidated Number of Options**
Issue of options to Directors[1]	63,000,000
Issue of options to consultants[2]	12,000,000
Issue of free attaching options[3]	7,440,000
Exercise of options[3]	(7,440,000)
Expiry of options	(68,712)
At 30 June 2014	**135,180,323**
Issue of free attaching options[4]	32,002,346
Expiry of options	(35,180,323)
At 30 June 2015	**132,002,346**

No other options were issued during the 2015 financial year.

No option holder has any right under the options to participate in any other share issue of the Group or any other entity. No options were exercised during the financial year.

18.3 Capital risk management

The Group's capital comprises share capital and reserves less accumulated losses. As at 30 June 2015, the Group has net liabilities of $46,470,665 (2014: net assets $4,895,925). The Group manages its capital to ensure its ability to continue as a going concern and to optimise returns to its shareholders. In addition, refer to note 23 for further information on the Group's financial risk management policies. There have been no significant changes in the strategy adopted by management to control the capital of the Group since July 2012.

19. Reserves

Share based payment reserve	**Consolidated 2015 $**	**Consolidated 2014 $**
Balance at beginning of the year	11,286,876	4,241,245
Issued during the year	-	7,045,631
Balance at the end of the year	**11,286,876**	**11,286,876**

[1] On 28 November 2013, 63,000,000 unlisted performance linked options exercisable at 30 cents before 31 December 2016 were issued to directors.

.[2] On 11 December 2013, 12,000,000 unlisted options exercisable at 30 cents before 31 December 2016 were issued to consultants for services provided

[3] On 18 February 2014, 7,440,000 free attaching options with an exercise price of ZAR 1.78 and an expiry date of 31 December were issued as part of the private placement. These options were exercised on 17 March 2014.

[4] On 30 June 2015, 32,002,346 free attaching options were issued to conclude a placement which was unable to be completed during June 2014. The options have an exercise price of $0.08 and expire 30 June 2017.

Nature and purpose of reserve

The share based payment reserve is used to record the value of equity benefits provided to directors and executives as part of their remuneration and non-employees for their services. Refer to note 22 for further details of this plan.

Foreign currency translation reserve	**Consolidated 2015 $**	**Consolidated 2014 $**
Balance at beginning of the year	(1,906,957)	-
Exchange differences arising on translation of foreign operations	3,254,428	(1,906,957)
Balance at the end of the year	**1,347,471**	**(1,906,957)**

Nature and purpose of reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of foreign subsidiary balances.

	Consolidated 2015 $	**Consolidated 2014 $**
Total reserves		
Share based payment reserve	11,286,876	11,286,876
Foreign currency translation reserves	1,347,471	(1,906,957)
	12,634,347	**9,379,919**

20. Statement of cash flows reconciliation

	Consolidated 2015 $	**Consolidated 2014 $**
Reconciliation of net cash flows from operations with net profit / (loss) after income tax		
Net (loss) after income tax	(56,351,961)	(49,212,321)
Adjustments for:		
Depreciation	24,095	32,599
Foreign exchange (gains) / losses	258,141	(1,736,930)
Share based payments	-	7,045,631
Share of loss of associate	36,011	214,473
Fair value movements on convertible notes	39,274,273	22,505,247
Impairment of available for sale financial asset	951,744	1,894,162
(Profit)/loss on disposal of assets	215,277	-
Amortisation of convertible note transaction costs	430,415	285,974
Accretion of convertible notes	776,861	582,646
Interest capitalised to Sekoko loan	668,543	-
Changes in assets and liabilities:		
(Increase) / decrease in receivables	(363,108)	288,325

(Increase) / decrease in prepayments	1,380	(350,336)
Increase / (decrease) in payables	(295,244)	1,409,389
Increase / (decrease) in accruals	5,588,932	11,353,240
Cash outflows from operations:		
Net cash outflows from operating activities	**(8,784,641)**	**(5,687,901)**

21. Related party transactions

21.1 Key management personnel remuneration

	Consolidated 2015 $	Consolidated 2014 $
Short-term benefits	946,375	1,045,351
Post -employment benefits	-	-
Share-based payment	-	6,004,473
Termination benefits (paid / payable)	-	-
	946,375	**7,049,824**

21.2 Transactions with other related parties

Sekoko Coal Pty Ltd is an associate of the Group, a loan totalling $4,070,631 was outstanding at reporting date.

Resource Venture Capital Partners, a company of which Stephen Miller is a related party, has lent the Group $219,503. The loan is non-interest bearing and is repayable on call.

Resource Venture Capital Partners, also billed $169,998 for reimbursement of business related expenses, including travel and accommodation, of which $104,890 remains unpaid.

An amount of $180,000 was billed by Millcorp Securities Pty Ltd, a company of which Stephen Miller is a related party, for the provision of fully serviced office accommodation of which $150,000 still remains outstanding.

An amount of $89,841 was billed by Millcorp Holdings Pty Ltd for office equipment rental and utilities costs of which $50,721 remains unpaid.

Millcorp Securities Pty Ltd, as Trustee for the Miller Superannuation Fund has lent the Company a sum of $22,000 which is repayable at call.

M Phosa has billed AU$66,000 for Support Services expenses recovery of which AU$49,500 remains unpaid.

22. Share based payments

22.1 Waterberg Coal Employee Share Option Plan

The Group has established an employee share option plan ("**ESOP**"). The objective of the ESOP is to assist in the recruitment, reward, retention and motivation of executives of the Group. Under the ESOP, the Directors may invite individuals acting in a manner similar to employees to participate in the ESOP and receive shares or options. An individual may receive the options, or shares, or nominate a relative or associate to receive the options or shares. The plan is open to executive officers, nominated consultants and employees of the Group.

The fair value at grant date of options granted during the financial year was determined using the Black Scholes option pricing model that takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share and the risk free interest rate for the term of the option.

Set out below are summaries of options granted during the current and previous financial year:

	2015 Average exercise price per option	2015 Number of options	2014 Average exercise price per option	2014 Number of options
As at 1 July	**$0.30**	**75,000,000**	**-**	**-**
Granted during the year under the ESOP	-	-	$0.30	63,000,000
Granted during the year to consultants	-	-	$0.30	12,000,000
Exercised during the year	-	-	-	-
Forfeited during the year	-	-	-	-
As at 30 June	**$0.30**	**75,000,000**	**$0.30**	**75,000,000**
Vested and exercisable	$0.30	75,000,000	$0.30	75,000,000

There are no options granted during the year ended 30 June 2015. The fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The model inputs for options granted during the year ended 30 June 2014 included:

a. options are granted for no consideration and vest immediately;

b. exercise price: $0.30

c. grant date: 28 November 2013 and 11 December 2013

d. expiry date: 31 December 2013

e. share price at grant date: $0.19

f. expected price volatility of the company's shares: 100%

g. expected dividend yield: nil

h. risk free interest rate: 2.66%

Share based payments made under the ESOP and to consultants during the 2015 and 2014 financial years have the following expiry date and exercise prices:

Grant date	Expiry Date	Exercise Price	Share options 30 June 2015	Share options 30 June 2014
26 April 2013	31 December 2016	$0.20	25,000,000	25,000,000
28 November 2013	31 December 2016	$0.30	63,000,000	63,000,000
11 December 2013	31 December 2016	$0.30	12,000,000	12,000,000
			100,000,000	**100,000,000**
Weighted average remaining contractual life of options outstanding at end of period			**1.50 years**	**2.50 years**

	Consolidated 2015 $	Consolidated 2014 $
Expenses arising from share based payment transactions		
Options issued under the employee share option plan	-	6,004,473
Options issued to consultants in lieu of cash payments for services to be provided	-	1,041,158
	-	**7,045,631**
Asset acquisitions		
Consideration for Firestone (71,792,189 shares)	-	11,026,874
Consideration for Global Resource Investment Trust Plc (20,000,000 shares)	-	4,324,481
	-	**15,351,355**

23. Financial Risk Management

23.1 Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2 to the financial statements.

23.2 Overview

The Group has exposure to the following risks from their use of financial instruments:

a. credit risk;

b. liquidity risk;

c. interest rate risk;

d. price risk; and

e. foreign exchange risk.

This note presents information about the Group's exposure to the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital. Further quantitative disclosures are also provided in this note.

The Board has overall responsibility for the establishment and oversight of the risk management framework including the development and monitoring of risk management policies.

Established risk management policies seek to identify and analyse the risks faced by the Group, set appropriate risk limits and controls, and to monitor risks and adherence to limits. Adopted risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

23.3 Credit risk

Credit risk refers to the risk of default by counterparties on their contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Group had a significant credit risk exposure to a single counterparty or a group of counterparties having similar characteristics via the convertible notes. This risk is managed as the counterparties have been assessed as being of sound credit worthiness and the Group holds a first ranking security against the underlying assets of the Borrower. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

23.4 Liquidity risk management

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities.

The Group manages liquidity risk by maintaining sufficient cash facilities to meet the operating requirements of the business and investing excess funds in highly liquid short term investments. The responsibility for liquidity risk management rests with the Board of Directors.

Alternatives for sourcing our future capital needs include our cash position and the issue of equity instruments. These alternatives are evaluated to determine the optimal mix of capital resources for our capital needs. We expect that, absent a material adverse change in a combination of our sources of liquidity, present levels of liquidity along with future capital raising will be adequate to meet our expected capital needs.

23.4.1. Maturities of financial liabilities

The tables below analyse the group's financial liabilities into relevant maturity groupings based on their contractual maturities for:

a. all non-derivative financial liabilities, and

b. net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

The table below reflects all contractually fixed pay-offs and receivables for settlement, repayments and interest resulting from recognised financial assets and liabilities. Cash flows for financial assets and liabilities without fixed amount or timing are based on the conditions existing at 30 June 2015 and 2014.

Contractual maturities of financial liabilities	**Consolidated 2015 $**	**Consolidated 2014 $**
6 months or less [1]	71,026,891	65,356,115
6-12 months or less	3,331,800	-
1-5 years	22,145,000	22,145,000
Over 5 years	-	-
Total contractual cash flows	**96,503,691**	**87,501,115**

[1] Trade and other payables and convertible note facilities at fair value (refer to notes 15 and 16) are due in the next six months.

Carrying amount financial liabilities	**162,006,347**	**112,738,083**

Trade and other payables	18,396,306	14,404,987
Convertible notes	131,943,433	88,285,568
Borrowings	11,666,608	10,047,528
Carrying amount financial liabilities	**162,006,347**	**112,738,083**

**as noted in note 2.1.1, the Directors expect the convertible note liability to be settled by the issue of shares.*

23.5 Interest rate risk

This risk arises on financial assets and liabilities, recognised at year end, where interest rate fluctuations impact on cash flows or the fair value of fixed rate financial instruments. The Group's policy is to manage its interest cost and its ability to service the cost, using a combination of sensitivity analysis against the underlying cash flows of the revenue generating assets purchased, matching loan terms against the life of the cash generating assets, the available mix of funding options allowing for floating rate facilities to average interest rates and the availability of entering into interest rate swaps and similar products if required.

The Group has not entered into any interest rate swaps.

23.5.1. Interest rate risk profile

The Group's exposure to market risk for changes to interest rate risk relates primarily to its interest bearing borrowings, earnings on cash and other financial assets.

	Weighted Average Interest Rate %	Consolidated 2015 $	Consolidated 2014 $
Cash and cash equivalents[1]	0.01%	1,057,663	8,704,374
Other financial assets	-	-	-
Overdraft facility	16.22%	(48,175)	-
Borrowings	8.68%	(11,666,608)	(10,047,528)
Convertible note facilities	16.58%	(131,943,433)	(88,285,508)

23.6 Price risk

The Group is also exposed to securities price risk, which is the risk that a change in equity price will affect the Group's financial performance, on investments held in Firestone.

	Consolidated 2015 $	Consolidated 2014 $
Other financial assets (listed investment)	328,143	2,430,319

[1] Included as part of 30 June 2014 cash and cash equivalents, is a put/call option of $6.5 million (security deposit) that was partially released to the Group during the year and used to repay a portion of the SBSA $35 million convertible note facility (note 16). Included in the cash balance at 30 June 2015 was $1,029,038 held as security deposit on the SBSA $35 million convertible note facility (note 16).

23.6.1. Sensitivity Analysis

The following tables illustrate the Group's sensitivities to interest rate and price risk changes. The table indicates the impact on how profit and equity values reported at balance date would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

	Consolidated Profit $	Consolidated Equity $
Interest rate risk		
Year ended 30 June 2014		
+/-1% in interest rates	(647,468)/647,468	(647,468)/647,468
Year ended 30 June 2015		
+/-1% in interest rates	(774,529)/774,529	(774,529)/774,529
Price risk		
Year ended 30 June 2014		
+/-1% in listed investments	24,303/ (24,303)	-/(-)
Year ended 30 June 2015		
+/-1% in listed investments	3,281/(3,281)	-/(-)

23.7 Foreign exchange risk

As a result of significant investment operations by the Group's subsidiaries in South Africa, the Group's statement of financial position can be affected significantly by movements in the Australian dollar / South African Rand exchange rate.

Large transactions are denominated in South African Rand. The Group seeks to mitigate some of the effect of its foreign currency exposure by holding South African Rand.

The Group also has transactional currency exposures. Such exposure arises from sales or purchases by an operating entity in currencies other than the functional currency.

The Group does not have a policy to enter into forward contracts and does not negotiate hedge derivatives to exactly match the terms of the hedged item.

23.7.1. Sensitivity Analysis

The Group holds financial instruments denominated in South African Rand and US Dollars.

At 30 June the Australian dollar equivalents of assets and liabilities held in South African Rand are as follows:

	Consolidated 2015 $	Consolidated 2014 $
Financial assets		
Cash and cash equivalents	1,051,967	6,640,806
Trade and other receivables	5,275,736	2,994,364
	6,327,703	**9,635,170**

	Consolidated 2015 $	Consolidated 2014 $
Financial liabilities		
Trade and other payables	(216,619)	(852,390)
Borrowings	(10,636,510)	(8,291,720)
	(10,853,129)	**(9,144,110)**

The financial assets and liabilities of the subsidiaries are held in the functional currency of the subsidiaries, which is South African Rand. As a result, there is minimal foreign exchange risk in terms of the possible effect on profit or loss.

At 30 June the effects on post tax equity from a change in the Australian Dollar / South African Rand exchange rate would be as follows:

	Consolidated 2015 $	Consolidated 2014 $
Exchange Rate + 10% (2014: 10%)	411,402	(44,642)
Exchange Rate - 10% (2014: 10%)	(502,825)	54,562

At 30 June the Australian dollar equivalents of assets and liabilities held in US Dollars are as follows:

	Consolidated 2015 $	Consolidated 2014 $
Financial liabilities		
Convertible note facilities	3,600,000	-
	3,600,000	**-**

At 30 June the effects on post tax profit or loss and equity from a change in the Australian Dollar / US Dollar exchange rate would be as follows:

Future possible changes in foreign exchange rates based on management's estimates:	Consolidated 2015 $	Consolidated 2014 $
Profit or Loss		
Exchange Rate + 10% (2014: 10%)	327,273	-
Exchange Rate - 10% (2014: 10%)	(400,000)	-
Equity		
Exchange Rate + 10% (2014: 10%)	327,273	-
Exchange Rate - 10% (2014: 10%)	(400,000)	-

24. Fair Value

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying amounts in the consolidated statement of financial position.

Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair values derived may be based on information that is estimated or subject to judgment, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgment and the assumptions have been detailed below. Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded.

The fair values of the Group's financial assets and liabilities have been determined based on the following methodologies:

a. Cash and cash equivalents, trade and other receivables and trade and other payables are short-term instruments in nature whose carrying value is equivalent to fair value. Trade and other payables exclude amounts provided for annual leave, which is not considered a financial instrument.

b. Discounted cash flow models are used to determine the fair values of loans and advances. Discount rates used on the calculations are based on interest rates existing at the end of the reporting period for similar types of loans and advances. Differences between fair values and carrying values largely represent movements in the effective interest rate determined on initial recognition and current market rates.

The aggregate fair values and carrying amounts of financial assets and financial liabilities are disclosed in the consolidated statement of financial position and in the notes to the financial statements.

	Carrying amount		**Fair value**	
Consolidated 2015	**2015**	2014	**2015**	2014
Financial Assets				
Cash and cash equivalents	1,009,488	8,704,374	1,009,488	8,704,374
Trade and other receivables	-	1,380	-	1,380
Loan receivable	4,070,631	1,992,915	4,070,631	1,992,915
Available for sale financial assets	328,143	2,430,319	328,143	2,430,319
Financial Liabilities				
Trade and other payables	18,396,306	14,404,987	18,396,306	14,404,987
Convertible notes at amortised cost	20,304,636	19,146,476	21,000,795	20,378,964
Other borrowings	11,666,608	10,047,528	11,666,608	10,047,528

24.1 Financial Instruments Measured at Fair Value

The financial instruments recognised at fair value in the consolidated statement of financial position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements.

The fair value hierarchy consists of the following levels:

a. quoted prices in active markets for identical assets or liabilities (Level 1);

b. inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and

c. inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

Consolidated Financial assets/liabilities	**Level 1 $000**	**Level 2 $000**	**Level 3 $000**	**Total $000**
2014				
Financial assets and liabilities at fair value through profit and loss:				
Convertible note facility	-	-	(69,139,092)	(69,139,092)
Other financial asset (listed investment)	2,430,319	-	-	2,430,319
	2,430,319	-	(69,139,092)	(66,708,773)
2015				
Financial assets and liabilities at fair value through profit and loss:				
Convertible note facility	-	-	(111,638,797)	(111,638,797)
Other financial asset (listed investment)	328,143	-	-	328,143
	328,143	-	(111,638,797)	(111,310,654)

Included within Level 1 of the hierarchy are listed investments. The fair values of these financial assets have been based on the closing quoted bid prices at the end of the reporting period, excluding transaction costs.

In determining the fair values of unlisted investments included in Level 2 of the hierarchy, valuation techniques such as those using comparisons to similar investments for which market observable prices are available have been adopted.

Derivative instruments are included in Level 2 of the hierarchy with the fair values being determined using valuation techniques incorporating observable market data relevant to the hedged position.

Valuation techniques used to derive level 3 fair values. The fair value of convertible notes not traded in an active market is determined using an internally prepared discounted cash flow valuation technique using a combination of observable inputs (such as share price and the terms and conditions of the convertible notes as disclosed per note 16) and unobservable inputs (discount rate – 40% and escalating) to calculate the present value of the notes based on the time to maturity and the likely value of the note in the market to a third party. The Group has determined that there is a relationship between the unobservable inputs (discount rate) and the fair value but do not consider it to be material unless there is a change in the terms and conditions of the convertible note.

The following table presents the changes in level 3 instruments for the year ended 30 June 2014:

Financial liabilities:	Convertible notes adjusted at fair value 2015
Consolidated	**$**
Opening balance 1 July 2014	69,139,092
Issues/additions (net)	3,225,432
Fair value losses recognised in finance expense (refer note 6.2)	39,274,273
Closing balance 30 June 2015	**111,638,797**

25. Auditor's remuneration

	Consolidated 2015 $	Consolidated 2014 $
Amounts paid or payable to BDO Audit (WA) Pty Ltd:		
Audit or review of the financial reports of the Group [1]	131,215	122,834
Other services by BDO Corporate Tax (WA) Pty Ltd and BDO Corporate Finance (WA) Pty Ltd [1]	22,676	24,831
Audit and other services provided by BDO South Africa [1]	29,525	26,909
	183,416	**174,574**

26. Commitments and contingencies

26.1 Operating lease commitments

Future minimum rentals payable under non-cancellable operating leases are as follows:

	Consolidated 2015 $	Consolidated 2014 $
Outstanding operating lease commitments are payable as follows:		
Within one year	-	180,000
Later than one year but not more than five years	-	90,000
	-	**270,000**

The group currently has no operating lease commitments.

[1] Includes Firestone Energy Limited and its wholly owned subsidiaries

26.2 Other commitments

a. A production royalty, equivalent to ZAR0.50 (AU$0.05) per tonne of coal sold, is payable to Sekoko Coal (Pty) Ltd during the term of the mining operations to a maximum aggregated amount of ZAR45 million (AU$4.52 million).

b. The Group's wholly-owned subsidiary Utafutaji Trading 75 (Pty) Ltd was due to make further payments to purchase the mining tenement properties Swanepoelpan and Massenberg as follows:

Swanepoelpan
- 2,000,000 rand (A$212,795) by 20 June 2014
- 3,000,000 rand (A$319,193) by 20 July 2014
- 17,679,479 rand (A$1,881,056) by 30 November 2014

Massenberg
- 8,500,000 rand (A$904,380) by 22 June 2014
- 9,000,000 rand (A$957,579) by 22 July 2014
- 17,500,000 rand (A$1,861,960) by 30 November 2014

The above payments are currently being re-negotiated and will be made when project financing is completed. In the interim, a monthly access fee of ZAR100,000 is being accrued per property.

27. Contingent liabilities

There are no known contingent liabilities.

28. Parent entity information

The following information relates to the parent entity, The Company, at 30 June 2015. The information presented has been prepared using consistent accounting policies as presented in note 2.

	Parent 2015 $	Parent 2014 $
Current assets	1,429,849	2,475,320
Non-current assets	70,091,452	77,703,538
Total assets	**71,521,301**	**80,178,858**
Current liabilities	121,557,724	80,078,261
Non-current liabilities	-	-
Total liabilities	**121,557,724**	**80,078,261**
Contributed equity	54,099,744	54,099,744
Share based payment reserve	11,286,876	11,286,876
Accumulates losses	(115,423,043)	(65,286,023)
Total equity	**(50,036,423)**	**100,597**
Profit / (loss) for the year	(50,137,020)	(46,457,721)
Other comprehensive income	-	-
Total comprehensive profit / (loss) for the year	**(50,137,020)**	**(46,457,721)**

29. Interests in other entities

29.1 Investments in controlled entities

The consolidated financial statements incorporate the assets, liabilities and results of The Company and the following controlled entities:

Name of entity	Country of incorporation	Ownership interest held by the group		Ownership interest held by non-controlling interests	
		2015	2014	2015	2014
Main Street 1116 Pty Ltd	South Africa	100%	100%	-	-
Ariona Company SA	Seychelles	100%	100%	-	-
Waterberg Power Company Proprietary Limited[2]	South Africa	80%	-	20%	-
Firestone Energy Limited	Australia	45.88%	45.88%	54.12%	54.12%
Checkered Flag Investments 2 (Pty) Ltd[1]	South Africa	45.88%	45.88%	54.12%	54.12%
Lexshell 126 General Trading (Pty) Ltd[1]	South Africa	45.88%	45.88%	54.12%	54.12%
Utafutaji Trading 75 (Pty) Ltd[1]	South Africa	45.88%	45.88%	54.12%	54.12%

29.2 Non-controlling interests

The following table sets out the summarised financial information for each subsidiary that has non-controlling interests that are material to the group. Amounts disclosed are before intercompany eliminations.

Firestone Energy Limited	2015 $	2014 $
Summarised balance sheet		
Current assets	2,714,086	610,536
Non-current assets	81,266,345	77,007,095
Total assets	**83,980,431**	**77,617,631**
Current liabilities	22,393,072	15,217,004
Non-current liabilities	25,304,636	24,146,476
Total liabilities	**47,697,708**	**39,363,480**
Net assets	**36,282,723**	**38,254,151**
Accumulated NCI	6,106,562	7,523,112
Summarised statement of profit or loss and other comprehensive income		
Revenue	16,697	981
Profit / (loss) for the period	**(5,843,767)**	**(4,802,197)**

[1] These companies are all wholly owned subsidiaries of Firestone Energy Limited
[2] The company was incorporated during the year. It currently has no assets or liabilities.

Firestone Energy Limited	**2015 $**	**2014 $**
Other comprehensive income	3,872,339	(6,475,226)
Total comprehensive income	**(1,971,428)**	**(11,277,423)**
Profit / (loss) allocated to NCI	(3,147,493)	(1,933,773)
Comprehensive income allocated to NCI	(1,416,550)	(4,003,689)
Summarised cash flows		
Cash flows from operating activities	(620,484)	(935,737)
Cash flows from investing activities	(9,119)	(525,175)
Cash flows from financing activities	607,033	1,091,550
Net increase / (decrease) in cash and cash equivalents	**(22,570)**	**(369,362)**

30. Acquisition of Subsidiary – Firestone Energy Limited

On 23 September 2013, the off-market takeover bid for all the ordinary shares in Firestone, a company listed on the ASX, closed. At the conclusion of the offer, the company's shareholding in Firestone is 45.88%. The acquisition was essentially to acquire Firestone's share of the coal project in the Waterberg locality in South Africa, with no infrastructure or personnel, and therefore, the acquisition has been treated as an asset acquisition as Firestone does not meet the definition of a business in accordance with the Accounting Standards.

The consideration payable 1.25 Waterberg shares for every two shares held in Firestone Energy Limited.

Details of the fair value of the assets and liabilities acquired as at 23 September 2013 are as follows:

Purchase consideration comprises:	**$**
Existing shares held	2,880,000
Ordinary shares acquired via takeover (1,148,632,708 shares)	11,026,874
Total consideration	**13,906,874**
Net assets acquired:	
Cash and cash equivalents	75,789
Trade and other receivables	1,564,255
Property, plant and equipment	4,345,235
Interest in joint operation	56,152,478
Trade and other payables	(3,624,251)
Borrowings	(33,388,530)
Non-controlling Interest at fair value	(11,218,102)
Total	**13,906,874**

31. Events occurring after the reporting period

The Company entered into a voluntary suspension of its shares on 19 March 2015 whilst it progresses negotiations with the Standard Bank of South Africa Limited (SBSA), to refinance the SBSA convertible note facility.

On the 15 September 2015, the Company and Firestone Energy Ltd (collectively the Waterberg Coal Group (WCG)) entered into a term sheet with Sibanye Gold Limited whereby, inter alia, Sibanye, have agreed terms with SBSA (as facility agent) to acquire the Facility held by SBSA.

On 29 September 2015 the Company received a deposit of $25,000 to effect an agreement with Stockworks Exploration & Mining Pty Ltd (**Stockworks**) whereby Stockworks will acquire Exploration Licence 5397 (**Licence**) from the Company for a cash consideration of $100,000 comprising the deposit paid and a further $75,000 on transfer of the licence to Stockworks.
A 1.0% net smelter royalty in respect of any type of ore mined attaches to Licence.There were no other known significant events from the end of the financial year to the date of this report.

Directors' Declaration

In accordance with a resolution of the directors of the Group, I state that:

1. In the opinion of the directors:

   (a) the financial statements, notes and the additional disclosures included in the directors' report designated as audited, are in accordance with the *Corporations Act (Cth) 2001*, including:

      (i) complying with Australian Accounting Standards and Corporations Regulations 2001; and

      (ii) giving a true and fair view of the Group's financial position as at 30 June 2015 and of its performance for the year ended on that date;

   (b) In the directors' opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable, based on the factors outlined in note 2.1.1.

   (c) The financial statements comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

2. This declaration has been made after receiving declarations as required to be made to the directors in accordance with section 295A of the *Corporations Act (Cth) 2001* for the financial year ended 30 June 2015.

On behalf of the Board

Stephen W Miller
Executive Director
30 September 2015

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INDEPENDENT AUDITOR'S REPORT

To the members of The Waterberg Coal Company Ltd

Report on the Financial Report

We have audited the accompanying financial report of The Waterberg Coal Company Ltd, which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 2.2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, 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 The Waterberg Coal Company Ltd, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

(a) the financial report of The Waterberg Coal Company Ltd is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2.2.

Emphasis of matter

Without modifying our opinion, we draw attention to Note 2.1.1 in the financial report, which describes the principle conditions that raise doubt about the consolidated entity's ability to continue as a going concern. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of The Waterberg Coal Company Ltd for the year ended 30 June 2015 complies with section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd

Ian Skelton

Director

Perth, 30 September 2015

ASX Additional Security Holder Information

The following additional information is current as at 30 September 2015 and is required by the Australian Securities Exchange; it is not disclosed elsewhere in this report.

1. Quoted Securities

315,933,963 fully paid ordinary shares are on issue.

2. Distribution of holdings of ordinary shares

Ranges	Holders	Number	%
1 - 1,000	4985	978,571	0.31
1,001 – 5,000	701	1,528,854	0.48
5,001 - 10,000	147	1,070,612	0.34
10,001 - 100,000	272	11,479,349	3.63
100,001 - and over	107	300,876,577	95.23
Totals	**6,227**	**315,933,963**	**100.00**

3. Twenty largest holders of ordinary shares

Serial	Shareholder	No. Shares	%
1	Sekoko Resources Pty Ltd	35,792,006	11.33
2	Jarvest Finance Ltd	25,875,000	8.19
3	BNP Paribas Noms Pty Ltd	20,000,183	6.33
4	Baldragon Holdingss Ltd	20,000,000	6.33
5	Evening Star Enterprises Pty Ltd <Millcorp Super A/c>	16,519,920	5.23
6	Zelada Corporation	16,000,173	5.06
7	Richmond Partners Master Ltd	14,828,000	4.69
8	Investec Emerging Companies Fund	13,634,090	4.32
9	Nefco Nominees Pty Ltd	10,800,000	3.42
10	AMB Property (Providence) Pty Ltd	10,000,000	3.17
11	Vernon Finance Ltd	8,625,000	2.73
12	Celtic Capital Pty Ltd <The Celtic Capital A/c>	7,716,050	2.44
13	Clearview Asset Pty Ltd <Clearview Asset A/c>	6,432,500	2.04
14	The Cricket Settlement Trust	5,617,978	1.78
15	Gemstar Investments Ltd	5,000,000	1.58
16	Bell Potter Nominees Ltd	4,785,973	1.51
17	Carrick Holdings Ltd	3,750,000	1.19
18	Mr Jason Peterson & Mrs Lisa Peterson <Super Fund A/c>	3,180,000	1.01
19	JP Morgan Nominees Australia Limited	2,560,881	0.81
20	Elinor Weavind <The Somserset A/c>	2,500,000	0.79
	TOTAL	**233,617,754**	**73.95**

4. Substantial Shareholders

	No. Shares	%
Sekoko Resources Pty Ltd	35,792,006	11.33
Jarvest Finance Ltd	25,875,000	8.19
BNP Paribas Noms Pty Ltd	20,000,183	6.33
Baldragon Holdingss Ltd	20,000,000	6.33
Evening Star Enterprises Pty Ltd <Millcorp Super A/c>	16,519,920	5.23
Zelada Corporation	16,000,173	5.06
Totals	**124,187,282**	**42.47**

5. Marketable Parcels

As at 30 September 2015 the number of shareholders holding less than a marketable parcel of ordinary shares was 4,388

6. Unquoted Securities

Options

Exercise Price	Expiry Date	Number
AU$0.30	31 December 2016	75,000,000
AU$0.20	31 December 2016	25,000,000
AU$0.08	30 June 2017	32,002,346
	Total	**132,002,346**

7. Voting Rights

Ordinary shares carry one vote per share. There are no voting rights attaching to options in the Company.

8. Securities Exchange Listings

The Company's fully paid ordinary shares are quoted on the Australian Securities Exchange Limited and the Johannesburg Stock Exchange Limited. The Company's code on both exchanges is: "WCC".

9. Exploration licences

The Company has an interest at the date of this report in the following Exploration and Mining Licences.

Licences which are located in South Australia:

Property Name	Tenement	Interest
Lyons	EL 5221	100%
Glenloth	EL 5397 (previously 4197)	100%

The Company's interest in the Waterberg Coal Project which are located in South Africa:

Properties	Right under which the properties are held	Relevant Joint Venture	Holder	Interest	Issue Date	Expiry Date
Vetleegte	Vetleegte Prospecting Right	First Joint Venture	Uzalile Joint Venture (Sekoko Resources (Pty) Ltd and Uzalile Property Services (Pty) Ltd)	37.39%	Granted New Order Prospecting Right No. 651/2006, on 19/10/06	Renewal lodged 19 September 2011 and prior to the expiry date. Section 18(5) of the MPRDA provides that prospecting right in respect of which an application for renewal has been lodged will remain in force until such time as the renewal application has been granted or refused.
Olieboomsfontein	Duikerfontein Prospecting Right	First Joint Venture	Sekoko Coal (Pty) Ltd	37.39%	Granted New Order Prospecting Right No. 681/2007, on 13/10/05 Renewal on 3 July 2013	2 July 2016
Duikerfontein	Duikerfontein Prospecting Right	First Joint Venture	Sekoko Coal (Pty) Ltd	37.39%	Granted New Order Prospecting Right No. 681/2007, on 13/10/05 Renewal on 3 July 2013	2 July 2016
Swanepoelpan	Duikerfontein Prospecting Right	First Joint Venture	Sekoko Coal (Pty) Ltd	37.39%	Granted New Order Prospecting Right No. 681/2007, on 13/10/05	2 July 2016
Smitspan	Mining Right	Second Joint Venture	Sekoko Coal (Pty) Ltd	37.39%	Granted New Order Mining Right No. 22/2011, on 17/09/11	16 August 2041

Properties	Right under which the properties are held	Relevant Joint Venture	Holder	Interest	Issue Date	Expiry Date
Massenberg	Mining Right	Second Joint Venture	Sekoko Coal (Pty) Ltd	37.39%	Granted New Order Mining Right No. 22/2011, on 17/09/11	16 August 2041
Minnasvlakte	Mining Right	Second Joint Venture	Sekoko Coal (Pty) Ltd	37.39%	Granted New Order Mining Right No. 22/2011, on 17/09/11	16 August 2041
Hooikraal	Mining Right	Second Joint Venture	Sekoko Coal (Pty) Ltd	37.39%	Granted New Order Mining Right No. 22/2011, on 17/09/11	16 August 2041