COAL of AFRICA LIMITED

## ANNOUNCEMENT 28 OCTOBER 2010

# CEO PRESENTATION

Please find attached a copy of the Presentation on Q1 2011 results to be made to media by the Company's CEO, Mr John Wallington, in Johannesburg, South Africa today at 11.30am local time (5.30pm Perth and 10.30am London).

The Presentation is also available from the Investor section of our website at www.coalofafrica.com

**AUTHORISED BY:**

**Shannon Coates**
*Company Secretary*

**For more information contact:**

| | | |
|---|---|---|
| John Wallington / Blair Sergeant | CoAL | +27 (0) 11 575 4363 |
| Simon Edwards / Chris Sim | Evolution Securities | +44 (0) 20 7071 4300 |
| Jos Simson / Leesa Peters | Conduit PR | +44 (0) 20 7429 6603 |
| Melanie de Nysschen/Annerie Britz/ Yvette Labuschangne | Macquarie First South Advisers | +27 (0) 11 583 2000 |

**www.coalofafrica.com**

**About CoAL**
CoAL is an AIM/ASX/JSE listed coal mining and development company operating in South Africa. CoAL's key projects include the Woestalleen Colliery, the Mooiplaats thermal coal mine, the Vele coking coal project and the Makhado coking coal project.

The Mooiplaats coal mine commenced production in 2008 and is currently ramping up to produce 2 million tonnes per annum ("**Mtpa**"). CoAL's Makhado coking coal project is expected to start production in 2012 and timing for Vele to reach production is expected tp commence Q1 2011. These operations are targeted to collectively produce an initial 2 Mtpa ramping up to a combined annual output of 10 Mtpa of coking coal.

In 2010, CoAL completed the ZAR467m acquisition of NuCoal Mining (Pty) Limited ("**NuCoal**"), a thermal coal producer with assets in South Africa in close proximity to CoAL's Mooiplaats mine. NuCoal owns the Woestalleen Colliery, which has a number of off-take contracts in place and processes approximately 2.5Mtpa of saleable coal for domestic and export markets. NuCoal also owns two beneficiation plants, one fully operational mine producing approximately 300kt per month of ROM coal and has recently commenced production at a second mine.

CoAL currently has 1 Mtpa export capacity at the Matola Terminal in Maputo, Mozambique, increasing to 3 Mtpa on completion of the next phase of expansion at the terminal. CoAL also has the option to participate in further expansion at the Matola Terminal, which is expected to increase the capacity at the terminal by an additional 10 Mtpa.


**1st Quarter 2011 RESULTS**

**28 October 2010**

# Disclaimer

***THESE PRESENTATION MATERIALS ARE FOR INFORMATION PURPOSES ONLY AND DO NOT CONSTITUTE AN OFFER OR INVITATION TO SUBSCRIBE FOR OR PURCHASE ANY SECURITIES, AND NEITHER THE PRESENTATION MATERIALS NOR ANYTHING CONTAINED THEREIN NOR THE FACT OF THEIR DISTRIBUTION SHALL FORM THE BASIS OF OR BE RELIED ON IN CONNECTION WITH OR ACT AS ANY INDUCEMENT TO ENTER INTO ANY CONTRACT OR COMMITMENT WHATSOEVER.***

**The Presentation Materials are being issued on a strictly private and confidential basis and solely to and directed at (a) persons having professional experience in matters relating to investments and who are persons specified in Article 19 and/or Article 49 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Financial Promotions Order"); or (b) who are otherwise permitted to receive them. This document is exempt from the general restriction on the communication of invitations or inducements to enter into investment activity and has therefore not been approved by an authorised person as would otherwise be required by section 21 of the Financial Services and Markets Act 2000. Any investment to which this document relates is available to (and any investment activity to which it relates will be engaged with) only those categories of persons described above. It is a condition of your receiving this document or attending this presentation that you fall within, and you warrant and undertake to Coal of Africa Limited ( "CoAL or the Company") that (I) you fall within, one of the categories of persons described above, (ii) you have read, agree to and will comply with the terms of this disclaimer and (iii) you will conduct your own analyses or other verification of the data set out in the Presentation Materials and will bear the responsibility for all or any costs incurred in doing so. The Presentation Materials are confidential and should not be copied, distributed or passed on, directly or indirectly, to any other class of persons. They and any further confidential information made available to you are being supplied to you solely for your information and may not be reproduced, forwarded to any other person or published, in whole or in part, for any other purpose. The Presentation Materials contain only a synopsis of more detailed information in relation to the matters described in this document and accordingly no reliance may be placed for any purpose whatsoever on the sufficiency or completeness of such information and to do so could potentially expose you to a significant risk of losing all of the property invested by you.**

**The information contained in the Presentation Materials is for background purposes only and is subject to updating, completion, revision, amendment and verification, which may result in material changes. No reliance should be placed on the information and no representation or warranty (express or implied) is made by the Company, any of their respective directors or employees or any other person, and, save in respect to fraud, no liability whatsoever is accepted by any such person, in relation thereto.**

**Certain statements, beliefs and opinions in this Presentation are forward-looking, which reflect CoAL's or, as appropriate, CoAL's directors' current expectations and projections about future events. These statements may be identified by such words as "may", "plans", "expects", "believes" and similar expressions. By their nature, forward-looking statements involve a number of risks, uncertainties and assumptions that could cause actual results or events to differ materially from those expressed or implied by the forward-looking statements. These risks, uncertainties and assumptions could adversely affect the outcome and the financial effects of the plans and events described herein. Forward-looking statements contained in this Presentation regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. Actual outcomes and results may differ materially from any outcomes or results expressed or implied by such forward-looking statements. Any forward looking statement made by or on behalf of CoAL speak only as of the date they are made and no representation or warranty is given in relation to them, including as to their completeness or accuracy or the basis on which they were prepared. CoAL does not undertake any obligation to update or revise any forward looking statements, whether as a result of new information, future events or otherwise. You should not place undue reliance on forward looking statements.**

# Contents


| | |
|---|---|
| 1 | CoAL History |
| 2 | CoAL Challenges |
| 3 | Mooiplaats Colliery |
| 4 | Vele Colliery |
| 4.1 | Vele Locality Map |
| 5 | Makhado Coking Coal Project |
| 6 | Rio Tinto Farm Swap |
| 7 | CoAL Soutpansberg Projects Locality Map |
| 8 | South Africa as a Mining Investment Decision |
| 9 | Conclusion |

# Quarterly Production Performance 2010

| | APRIL - JUNE<br>4th Quarter 2010 | JULY - SEPTEMBER<br>1st Quarter 2011 | QUARTER –ON-QUARTER VARIANCE(%) |
|---|---|---|---|
| **Mooiplaats** | | | |
| ROM(000) | 95 | 182 | 92 |
| ROM Purchased | 154 | 155 | 0 |
| Saleable Production: PRIMARY | 115 | 198 | 72 |
| Eskom | 83 | 56 | (33) |
| 1000 Fatality Free Production Shifts Achieved at Mooiplaats | | | |
| **Woestalleen** | | | |
| ROM (000) | 992 | 931 | (6) |
| Saleable Production: Primary | 444 | 447 | 0 |
| Secondary | 69 | 104 | 51 |
| Eskom | 86 | 115 | 33 |

# CoAL History

- Access to rail and port allocation at Matola, Maputo
  - unlocking logistical constraints is a key long term factor
- Acquisition and consolidation of world class coking coal assets
  - potential to transform the economy of the region and province
  - potential to add value to shareholders, employees and the surrounding communities
- Direct foreign investment exceeds R2bn

# CoAL Challenges

- Creation of wealth through rapid growth
- Resultant capacity shortfall resulting in implementation gaps
- Company fully committed to rectifying stakeholder issues
- Company in transition to implementation phase
  - project delivery
  - operational performance

# Mooiplaats Colliery

- Operations continued with three underground sections
- Mooiplaats produced 182,230 tonnes of ROM coal, compared to 94,514 tonnes during the previous quarter
- Additional continuous miner is due to be delivered early Q4 2010
- Ramp up is expected to be completed in early 2011, with five sections producing 190,000 to 200,000 tonnes per month of ROM coal.
- Working closely with the Department of Water Affairs (DWA) to rectify the outstanding water use license
- Analysis of regional water quality results indicate no negative impact on the quality of the water downstream of the mine
- DWA has capacity constraints resulting in significant backlog in issuing of licenses
- Mooiplaats is committed to full compliance

**Aerial view of Mooiplaats Colliery**

***Mooiplaats commissioned wash plant in May 2009 and first shipment in February 2010***

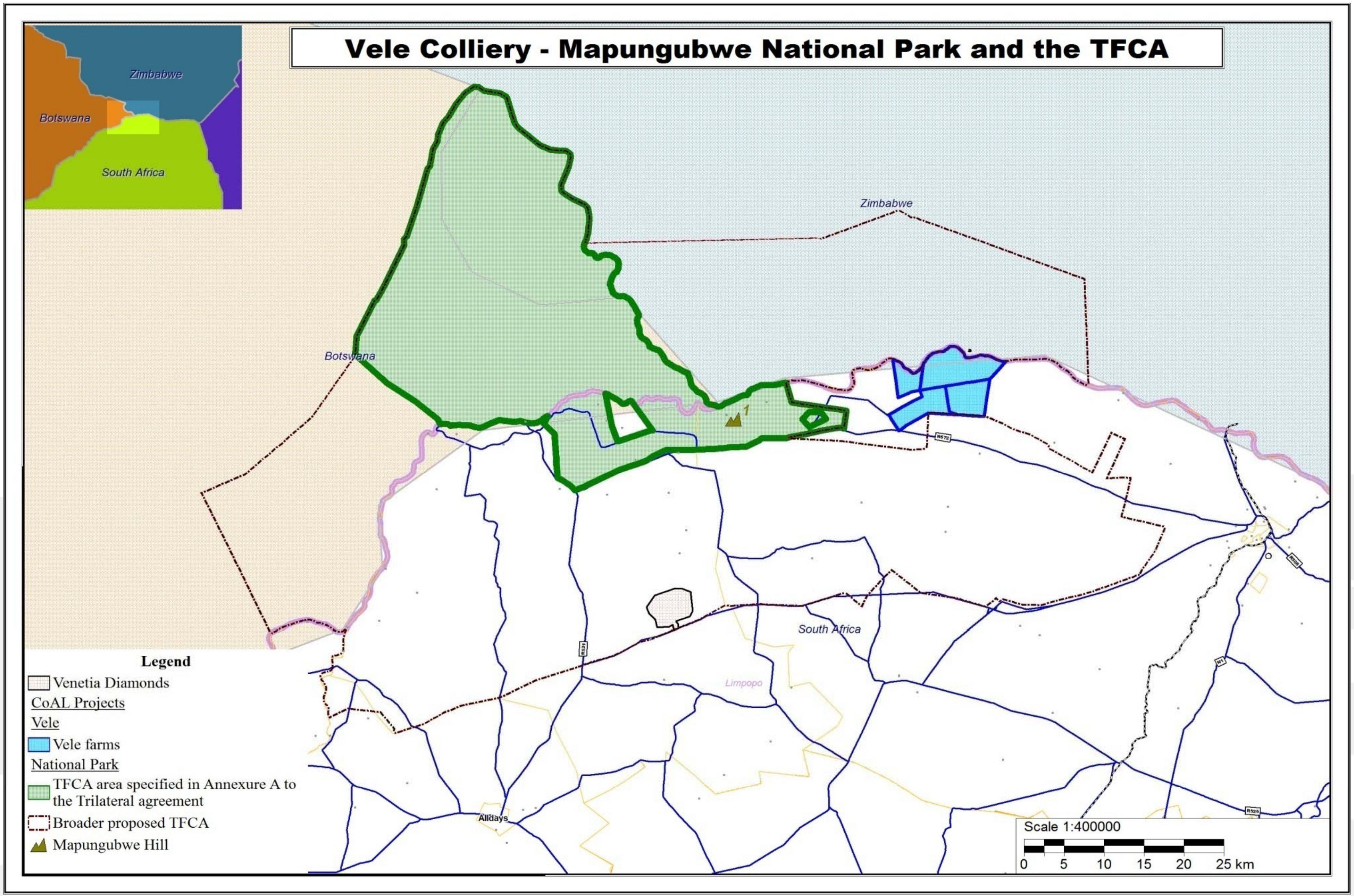
# Vele Colliery

- Granted a Mining Right in Feb 2010 with an approved Environmental Management Plan (EMP)
- 850 job opportunities created – workforce now reduced by 596 people
- Compliance Notice served by DEA during the quarter – rectification papers in terms section of 24G being submitted
- CoAL has fully adhered to the instructions contained in the Compliance Notice and is committed to working with the DEA
- Integrated Water Use Licence pending - submitted 10 November 2009
- Capex estimate revised to ZAR571.4 million.
- The mine will bring positive economic benefits to the region
  - estimated R166m contribution toward Vhembe District Municipality during the construction phase (3 year period)
  - estimated further R2.8bn during the operational phase

**Vele wash plant assembly at site**

***Vele is a blend coking coal asset, ideally placed to supply ArcelorMittal's Vanderbijlpark steel works***

# Map of Vele Colliery Location & Conservation Initiatives



# Makhado Coking Coal Project

- Definitive Feasibility Study progressing well:
  - expected to be finalised by Q1 2011
- Commenced engagement with stakeholders including:
  - communities
  - regional and local government
  - interested and affected parties
- CoAL will engage with relevant NGO's on the 'best way forward' to ensure
  - realisation of potential for this and future adjacent projects to transform the region and the province
  - while ***achieving optimal balance*** between the environment and the socio-economic needs of the country

**Tanga Camp - Recent installation of solar heating panels for hot water**

***Makhado is a long life coking coal asset offering significant growth potential***

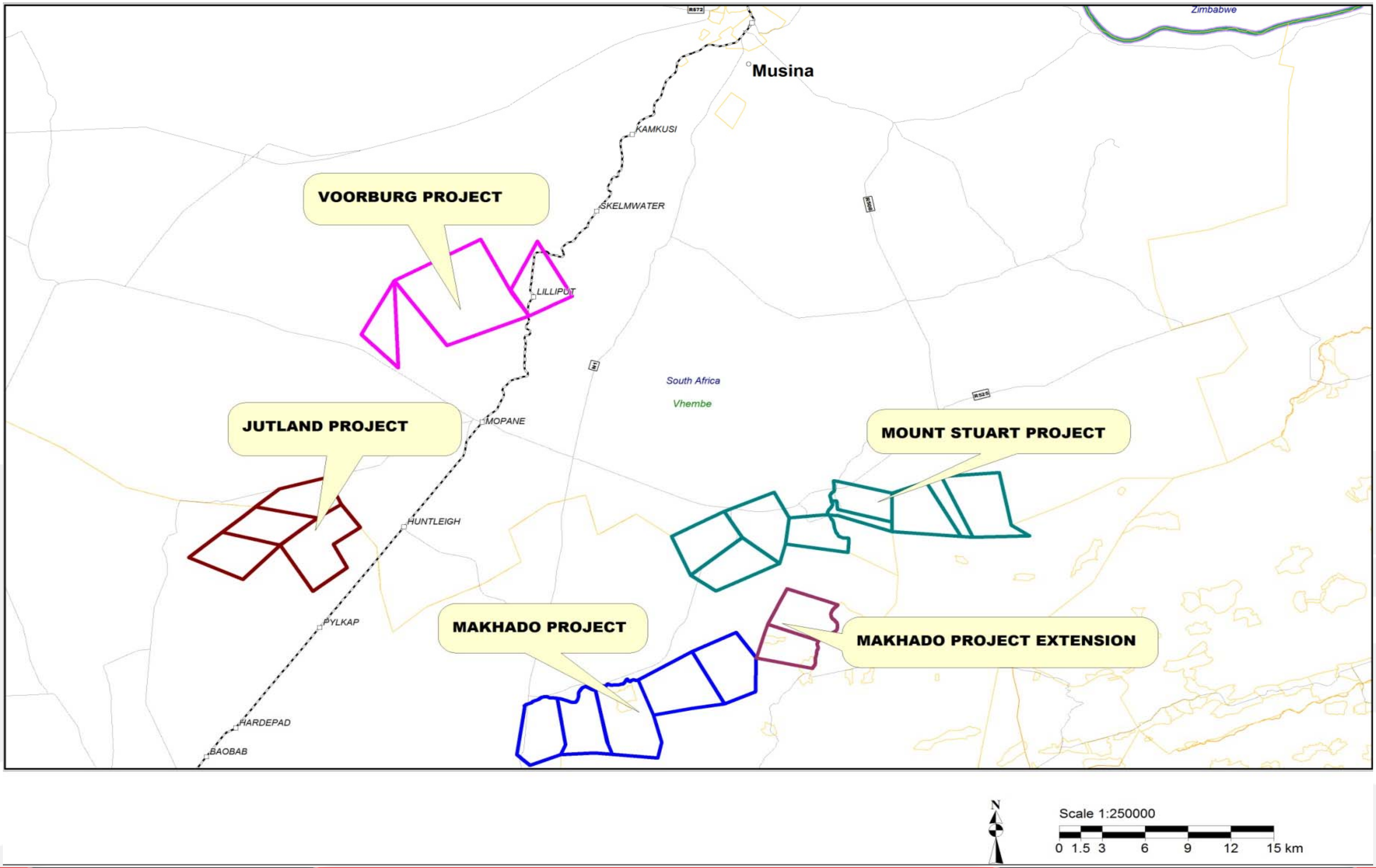
# Rio Tinto Farm Swap

## Key Highlights

- Approval of the Rio Tinto farm swap section 102 application resulted in consolidation of the New Order Prospecting Rights
- The farm swap has resulted in formation of contiguous block of eight farms located 5km to the North east of Makhado, known as the Mount Stuart project
- CoAL has two additional contiguous blocks of farms in the Mopane sub-basin of the Soutpansberg coalfield namely the Voorburg & Jutland prospects situated 25km &15km respectively to the North of the Makhado project


10

# CoAL Soutpansberg Projects



# South Africa as a Mining Investment Destination

- To restore confidence in RSA as an investment destination in mining, there is need for more clarity and certainty on regulatory processes
- All key stakeholders such as the Government, relevant environment and heritage NGO's and the industry need to agree on optimal way forward
- It is essential that 'sensitive' areas are quarantined to ensure that exploration investment is confined to defined mining areas
- The previous commodity boom created massive economic value for several nations including China, Australia and Chile
- South Africa cannot afford to miss the next boom


12

# Conclusion

***The future ... significant upside***

- The company is committed to complying fully with all relevant legislation
- These CoAL projects have the potential to radically transform the economy of the region and the Province
- CoAL's world class coking coal assets will add substantial value to our shareholders, employees, surrounding communities, the province and the country as a whole
- CoAL will engage and partner with, where applicable, all relevant stakeholders to maximise benefit for all concerned


13

**AUSTRALIA:**
Telephone: +61 8 9322 6776
Facsimile: +61 8 9322 6778
Level 1 Old Swan Brewery
173 Mounts Bay Road
Perth
WA 6000
Australia
perth@coalofafrica.com

**www.coalofafrica.com**

**SOUTH AFRICA**:
Telephone+27 11 575 4363
Facsimile: +27 11 576 4363
2nd Floor , Gabba Building
57 Sloane Street
The Campus
Bryanston
South Africa
adminza@coalofafrica.co.za