



## ANNOUNCEMENT

15 MARCH 2013

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### Makhado Hard Coking Coal quality confirmed

- Wood Mackenzie market report confirms that Makhado Project has the potential to produce world class hard coking coal
- The Makhado DFS expected to be published during Q2 CY 2013

Coal of Africa Limited ("CoAL" or the "Company") is pleased to announce that Wood Mackenzie engaged to review the coal to be produced at the Makhado Project ("Makhado") have confirmed that it has the potential to be a world class hard coking coal product. Makhado project has potential to produce approximately 2Mtpa of hard coking coal and 3Mtpa of thermal coal.

Wood Mackenzie is the most comprehensive source of knowledge about the world's energy and metals industries and were engaged to verify the expected product quality and marketability of the coal. The Makhado Project represents CoAL's initial project within the greater Soutpansberg Coalfield area and is currently finalising the additional external verification processes required for the Makhado Definitive Feasibility Study ("DFS") on the opencast mining area. The DFS includes both hard coking coal and a thermal coal fraction and since Q3 CY2012 has been upgraded to provide greater operational certainty and reduced project risk. The study is expected to be published Q2 CY2013.

CoAL CEO John Wallington commented, "The confirmation of the product quality as a hard coking coal supports our technical assessment and augurs extremely well for placing this product into the market and the future development of the project."

#### Hard coking coal with good coke strength

Wood Mackenzie has assessed the typical quality of the coking coal at Makhado to be hard coking coal based on its specifications relative to other international coking coal products. The consideration was based on the global outlook for coking coal and the coal quality parameters that contribute to Makhado's value-in-use in order to estimate the attractiveness of the coal in selected target markets. These markets are closely aligned to the key growth destinations for seaborne coking coal.

The Report concludes that Makhado's coking coal will fit well within the global coking coal parameter ranges on all measured coal quality parameters including ash, volatile matter, sulphur, phosphorous, caking properties, energy and carbon content, coke strength after reaction ("CSR") and fluidity. Makhado coal is comparable with Indonesian, Mongolian and Mozambican products with respect to high vitrinite content indicating an enhanced coking ability with a rank in the mid to high volatile matter coking range as measured in %RoVMax.

Makhado has excellent coking coal properties and an ability to support weaker coals in the coke blend. The relatively high CSR value of 64 will ensure that the coal is classified as a hard coking coal which is expected to be a significant positive for pricing. The high reactive content and strong caking properties, combined with the high fluidity will ensure that this coal will have strong marketing prospects in North Asia, India and South America particularly. In addition to high maximum fluidity, Makhado also demonstrates good overlap in the plastic ranges with semi-soft coking coal ("SSCC") and low volatile hard coking coal ("LV HCC") indicating it would be a good prime coal in a coking coal blend.

Potential markets identified include South Africa domestic, India, Brazil, Turkey, Japan, Taiwan and South Korea.

The company is currently awaiting the granting of the new order mining right for Makhado, subject to completing a black economic empowerment transaction for the project.

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**About CoAL:**

CoAL is an AIM/ASX/JSE listed coal exploration, development and mining company operating in South Africa. CoAL's key projects include the Vele Colliery (coking and thermal coal), the Greater Soutpansberg Project, including CoAL's Makhado Project (coking coal) and the Mooiplaats and Woestalleen Collieries (both thermal coal).