COAL of AFRICA LIMITED

Interim results for six months ended 31 December 2014

David Brown, Chief Executive Officer
Michael Meeser, Chief Financial Officer

Friday 13 March 2015

www.coalofafrica.com

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Important Notice

Recipients of this presentation should refer to (1) the Independent Technical Statement for Coal of Africa as at 10 December 2012, and (2) the Independent Technical Statement for the Greater Soutpansberg for Coal of Africa Limited, 31st May 2012, each prepared by Venmyn Rand (Pty) Ltd, which are available on Coal of Africa's website (www.coalofafrica.com), for full details of the coal resource and reserve estimates referred to in this presentation and the basis on which those estimates have been prepared.

Competent persons' statement

The information in these Presentation Materials that relates to mineral resources or ore reserves has been compiled by Ms C Telfer (B.Sc. Hons. (Geol.), (DMS) Dip Bus Man Pr. Sci. Nat., FGSSA, MAusIMM, M.Inst.D) and Mr G Njowa (M.Sc. (Min. Eng), MRM, B.Sc.Hons. (Min. Eng), Grad CIS, MSAIMM, Pr Eng, MIAS), of Venmyn Rand (Pty) Ltd, who both have relevant and appropriate experience and independence to appraise the coal assets. Both Ms C Telfer and Mr G Njowa are considered"Competent Persons", and each have more than five years relevant experience in the assessment and evaluation of the types of coal exploration and mining properties presented in this announcement.Both Ms C Telfer and Mr G Njowa consent to the inclusion of the resource information in these Presentation Materials in the form and context in which it appears.

Agenda

Introduction	David Brown
Operational and project review	David Brown
Financial review	Michael Meeser
Outlook and conclusion	David Brown

Introduction:
David Brown, Chief Executive Officer

Repositioned CoAL – turnaround strategy update

1.	Attaining strategic investor	Done
2.	Reduction in overhead structure	Done
3.	Product quality confirmation at Vele	Done
4.	Non-core asset disposal	Significant progress
5.	Secure BEE funding for Makhado and obtain regulatory approvals	2015 strategy

CoAL Strategy

Vision to responsibly produce in excess of 6.7 million tonnes per annum of saleable product by 2019/2020

Vele
Short term
“brownfields”
(1.2 Mtpa)

Makhado
Medium term
“greenfields”
(5.5 Mtpa)

GSP
Long term
“greenfields”

Advantages	Key Risks
A Major Hard Coking Coal Resource in South Africa	Logistics – Distance to end user
Large Resource – extended LOM – over 100 years	Commodity Prices
Logistics – in place and well tested	Funding Timetables
Strong government support as sees CoAL in particular in Limpopo province as a catalyst for industrial development in South Africa	

Continued execution

Debt	Investec short-term facility	**Settled**
Logistics	Marketing relationship and take or pay	**Settled, take or pay obligations**
Legal	EnviCoal	**Settled**
Equity	Share placement	**Final tranche April 2015**
Assets	Non-core assets	▪ Sold Woestalleen, Opgoedenhoop and Holfontein ▪ Mooiplaats sale process is ongoing
	Purchases of assets	▪ Rio Tinto repayment being negotiated – US$7.5 million repaid, owe US$22.5million

Mooiplaats sale

Mooiplaats options

Sale is R250 million

Operate as cash generator

Blackspear SPA still valid, funding period extended to April 2014 – NO EXCLUSIVITY

Engaged with various parties currently performing due diligence

If not sold then consider

CoAL considering operating Mooiplaats as an Eskom-only product mine
Discussion regarding off-take underway

Coking coal market trends and pricing

- Iron prices are at all-time low, expected to remain low for 12-18 months
- Metallurgical coal prices for hard and semi-soft coking coal are being severely pressured by excess supply and weakening demand in China
- Weaker import demand reflects ready availability of domestic coal, a contraction in steel consumption for 2014
- Market to finally find a floor before beginning a slow and painful recovery, which could take two to three years to complete
- Current levels of pricing are sending a powerful message:
  - Market oversupply
  - A significant deterrent to investment in new capacity
  - A deterrent to the continuation of current excess capacity
- **Approximate commodity price decrease during 2014 in US$ terms:**
  - Thermal coal – 21%
  - Hard coking coal – 8%
  - Semi-soft coking coal – 14%

Price expectation – LoM thermal coal

Coal price forecast - long-term

Coal type	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Thermal	65.39	65.39	67.00	72.00	79.70	79.70	79.70	82.30	82.30	82.30	82.30	82.30	82.30	82.30	82.30	82.30	82.30	82.30

Source: SA Coal Report

Price expectation – LoM met coal

Coal price forecast - long-term

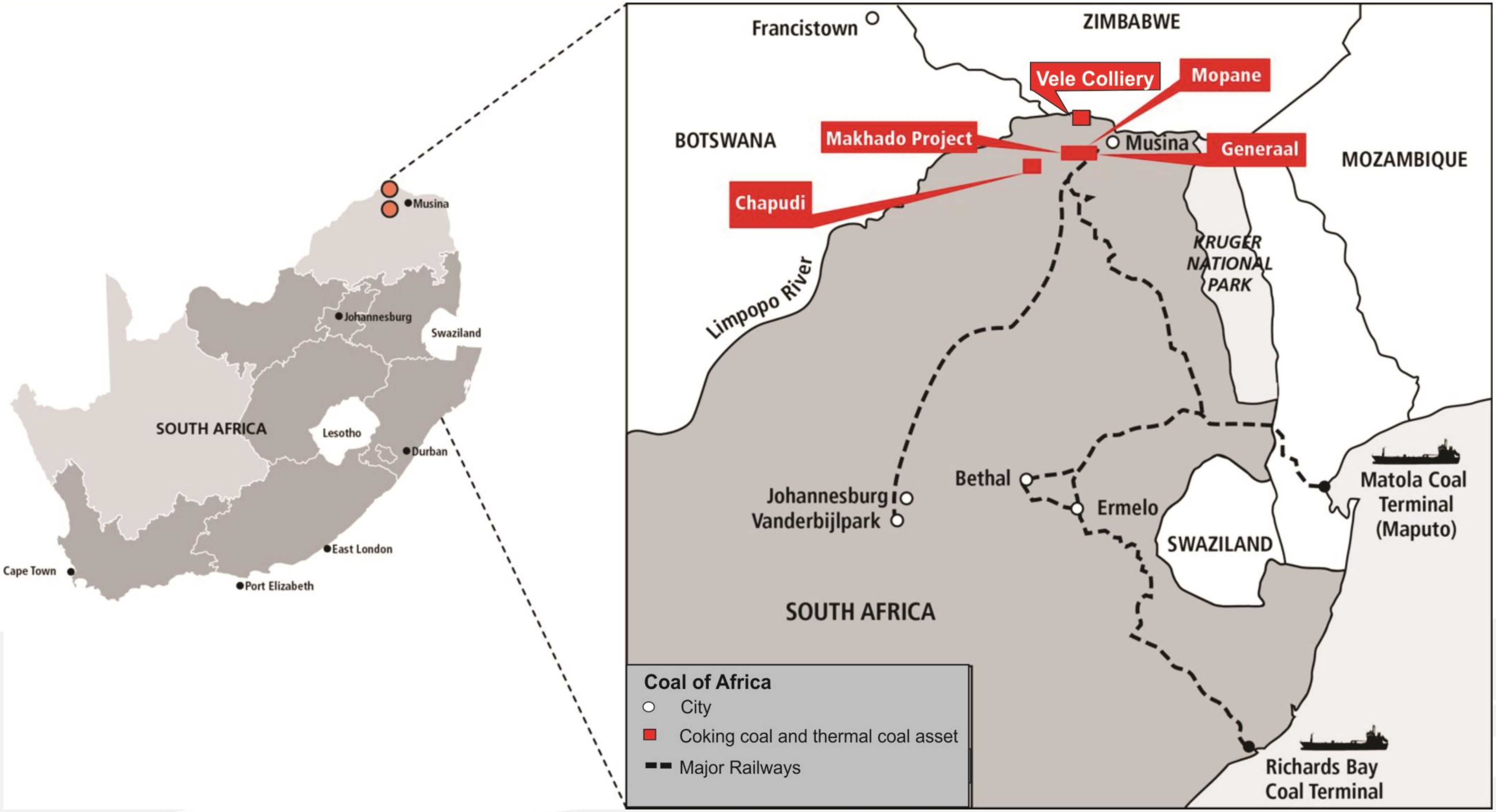
Coal type	2 016	2 017	2 018	2 019	2 020	2 021	2 022	2 023	2 024	2 025	2 026	2 027	2 028	2 029	2 030	2 031	2 032	2 033
HCC	140.3	143.0	150.5	183.8	176.2	173.8	172.5	175.3	180.7	181.3	185.8	190.8	200.0	203.0	206.0	210.0	213.0	215.0
SSCC	98.2	100.1	105.4	130.5	126.9	127.7	129.4	131.5	135.5	136.0	139.3	145.0	152.0	154.3	156.6	159.6	161.9	163.4

Project review:
David Brown, Chief Executive Officer

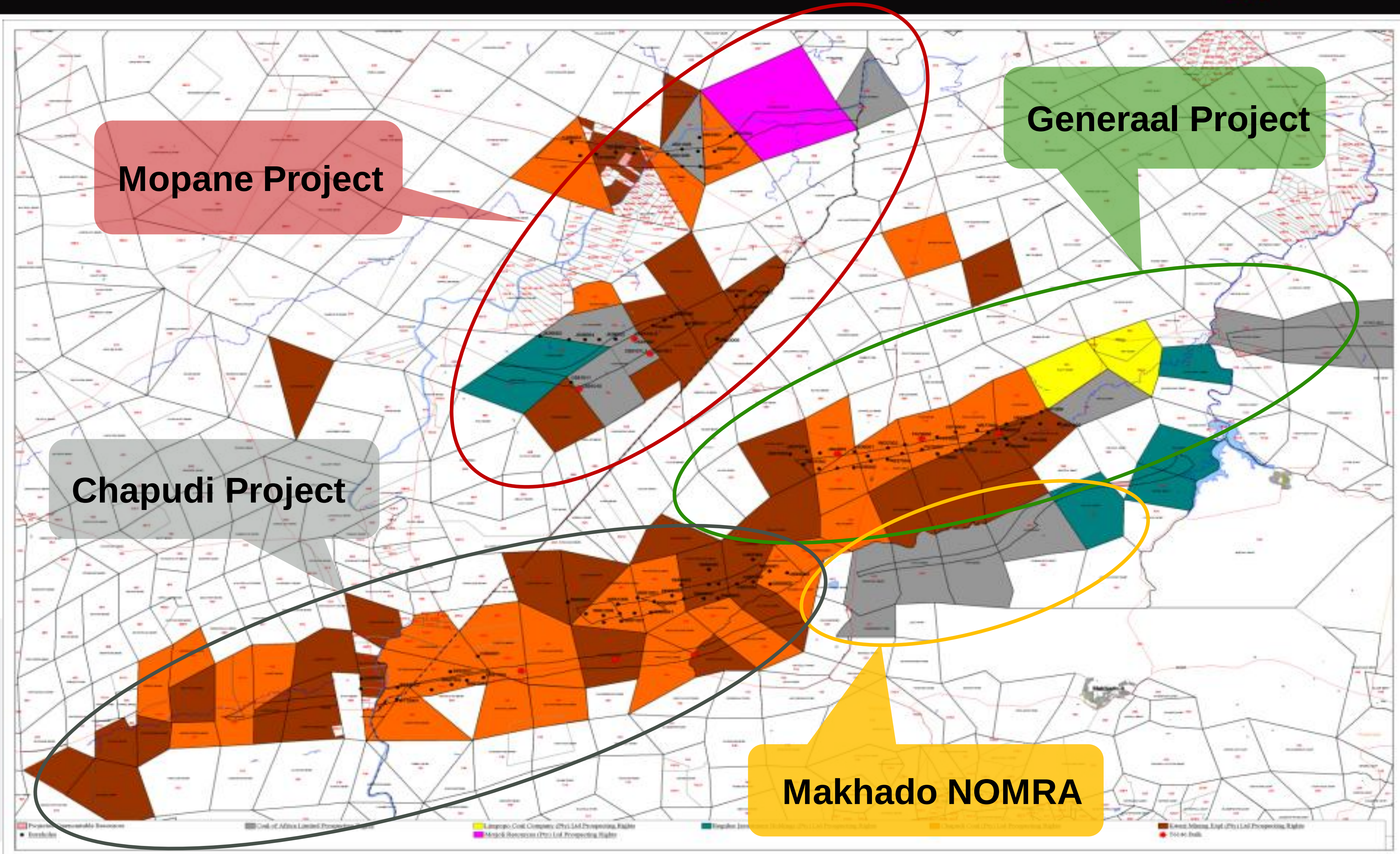
CoAL projects

EVALUATION	DEVELOPMENT	NON-CORE
Chapudi Mopane Generaal	Vele: short-term Makhado – medium-term	Mooiplaats
Future	Primary current focus	Sale/operate
NOMR applications made	Vele: NOMR received Makhado: NOMR applications made	

CoAL project development – location



Projects


Mopane Project
Generaal Project
Chapudi Project
Makhado NOMRA

Limpopo province

- Limpopo is the fifth largest province in South Africa
  - Population of approximately 5.5 million
  - Economy driven by mining, tourism and agriculture
  - A contribution of over 7% of RSA's GDP
- Local government and municipality supportive of the mining sector and the project evidenced by:
  - The proposed establishment of Special Economic Zone("SEZ") in close proximity of CoAL's projects
  - Promotion of this project within National Government
  - Identifying mining as a strategic driver for growth
  - Standing alongside CoAL in responding to objections raised against the project
  - Assisting with the securing of off-take agreements

CoAL project development – resource

Abridged summary of JORC-compliant resources and reserve statement – 31 May 2012	JORC-compliant resources (measured, indicated and inferred)[1,2]			JORC-compliant reserves (proven and probable)[2]	Strike length drilled to date (km)	Strike length to be drilled (km)
Project name (Coalfield)	**Gross tonnes in situ** (Mt)	**Total tonnes in situ** (Mt)	**Mineable tonnes in situ** (Mt)	**Reserves** (Mt)		
Vele (Limpopo)	795.7	672.9	362.5	325.6	-	-
Makhado Project (Soutpansberg)	795.6	691.5	344.4	-	16.5	0.0
GSP (Soutpansberg)	7,161.0	5,751.5	1,660.0	-	51.4	66.1
Total	**8,752.3**	**7,115.9**	**2,366.9**	**325.6**	**67.9**	**66.1**

Notes:

(1) Resources are stated inclusive of reserves

(2) Independent Technical Statement for the GSP (30 September 2012)

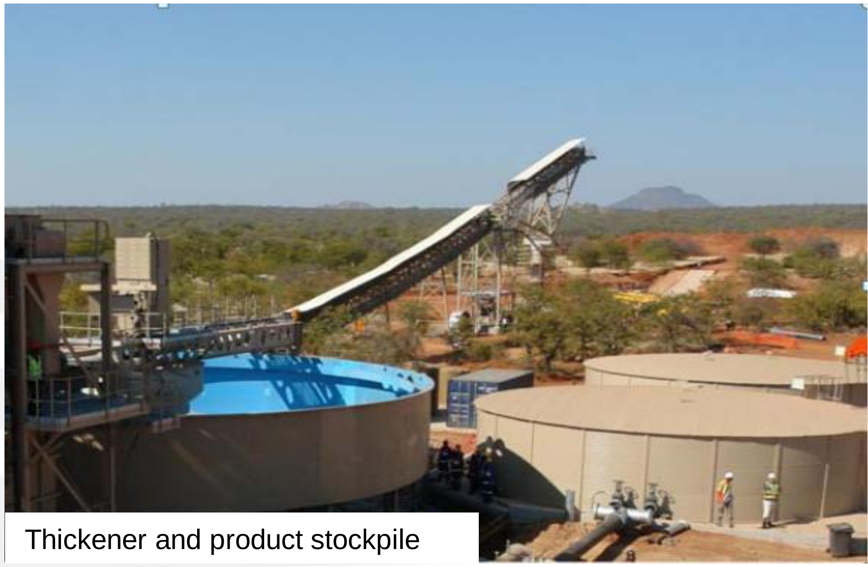
(3) The resource, defined in accordance with the 2004 JORC Code, has not been updated since to comply with the 2012 JORC Code on the basis that the information has not materially changed since it was last reported (refer to ASX Announcement dated 24/12/2012)

Vele: short-term ‘brownfields’

Project parameters

- 795.7Mt GTIS and 362.5Mt MTIS of shallow dip coal
- Granted 30-year NOMR in March 2010 over 8,662ha with a life-of-mine (LoM) in excess of 50 years
- Extensive exploration with over 350 boreholes drilled to obtain further coal quality information
- Produce 2.7 million RoM tonnes per annum
- Initial mine plan is based on mining 42.4Mt of RoM from the central and northern pits over a 16-year period, producing 16.5Mt of saleable product
- Simultaneous production of two products:
  - semi-soft coking coal
  - thermal coal
- Pricing of API4 has decreased by 23% since August 2013 plant modification board approval


Spiral plant


Thickener and product stockpile

Vele: short-term ‘brownfields, cont’d

Deliverable and strategy

- Complete all regulatory matters by end of June 2015 (water use license amendment)
- Board to review post June 2015 once all regulatory approvals received

Vele regulatory status

Authorisation	Issuing authority	Purpose	Duration	Status
Environmental authorisation	Limpopo economic development, environment and tourism	Environmental authorisation to undertake mining activities	Life of mine	Authorisation received 16 January 2015
New order mining right (NOMR)	Department of Mineral Resources (regional and national)	Authorisation to mine resources in accordance with an approved mine plan	Life of mine including rehabilitation period	Fully compliant in respect of PMP
Integrated water use licence	Department of Water Affairs (regional and national)	Water use limits for construction and mining activities	16 Years	Submitted application for renewal of licence and amendment to align with PMP – expected June 2015

Makhado: medium-term ‘brownfields’

- CoAL has completed a Class II definitive feasibility study (DFS) on its flagship Makhado Project (Makhado)
- Minable tonnes in-situ (MTIS) of 344.8 million tonnes net present value (NPV) of R6.79 billion (US$697m) at an 8% discount rate (real)
- Producing 12.6 million RoM tonnes per annum
- 2.3Mtpa of hard coking coal and 3.2Mtpa of thermal coal
- Life-of-mine (LoM): 16 years
- Resource to be mined on an opencast basis with the potential for expansion into underground
- Capital expenditure of R3.96 billion (US$406.3m), including contingency
- Non-discounted peak funding requirement is R4.2 billion (US$450m)
- The average on-mine operating costs are US$46 per saleable hard coking coal tonne
- The Makhado Project benefits from excellent existing infrastructure with respect to rail, road, power and port allocation
- Positive discussions regarding off-take agreements with Hebei Iron and Steel and AMSA

Makhado: medium term ‘brownfields’, cont’d

Makhado Project empowered

- Company recently completed the empowerment structures with the sale of a 26% interest in the Project to local communities and group of entrepreneur’s
- Sale is subject to the BEE shareholders securing the necessary funding for the purchase of their interest and for their share of the development costs of the project
- Funding plan assumes a combination of both debt and equity, with the final combination to be finalised once the risk profile of the project is bedded down
- CoAL continues with discussions with both local and international steel producers for offtake agreements for the HCC
- The promotion of an independent base load coal programme by the South African government provides an expanded market for CoAL to dispose of its thermal other than to the state utility

- **Makhado project development:**
  - CY 2015 regulatory approvals
  - CY 2015 funding progress
  - Planned construction commencement in July 2016 – subject to regulatory approval and funding
  - 26 months plant construction and mine development

Makhado regulatory status

Significant progress made with all key authorisations

Authorisation	Issuing authority	Purpose	Duration	Status
Environmental authorisation	Limpopo economic development, environment and tourism	Environmental authorisation to undertake mining activities	Life of mine	Received August 2013
New Order Mining Right (NOMR)	Department of Mineral Resources (regional and national)	Authorisation to mine resources in accordance with an approved mine plan	Life of mine including rehabilitation period	• Application submitted in January 2011 • Awaiting issue as BEE structure has been finalised
Integrated Water Use Licence	Department of Water Affairs (regional and national)	Water use limits for construction and mining activities	Life of mine	• Record of recommendation completed and submitted in December 2012 • Issued post granting of NOMR

- Further minor permits will be required but these will be applied for as and when needed for the construction and operation of the mine
- Company anticipates objections to be lodged by interested and affected parties – with limited project risk

GSP: long-term ‘greenfields’

Highlights

- Consolidation of tenements and ore bodies to improve mine planning optionality, flexibility and economies of scale
- Significant resource base of coking and thermal coal products
- Access to domestic and export markets using existing rail capacity
- High potential for positive impact on job creation and other social upliftment programmes

Deliverable and strategy

- Participate in regional impact study for GSP
- Identify sweet spots for GSP – will not mine all areas and not simultaneously
- Advance project design

GSP regulatory

Project	Acceptance of mining right application by DMR	Submission of EMP
Mopane	May 2013	November 2013
Chapudi	July 2013	December 2013
Generaal	August 2013	January 2014

Financial review:
Michael Meeser, Chief Financial Officer

Cashflow H1 FY2015

Repayment of Grindrod settlement, Envicoal settlement, Investec working capital facility and Rio Tinto

	H1 FY2015 $'000		H1 FY2014 $'000
Opening balance	**2,099**		**29,938**
Operational losses	(5,923)		(21,765)
Settlement of Grindrod	(10,000)		-
Settlement of Envicoal	(2,515)		-
Decrease in restricted cash	4,073		-
Other investing activities	(1,769)		(2,234)
Net proceeds from share issue	45,504		-
Settlement of Deutsche facility	-		(12,355)
Settlement of Rio Tinto deferred consideration	(6,590)		-
Proceeds from the Investec working capital facility	-		10,664
Settlement of the Investec working capital facility	(6,124)		-
Other financing activities	-		(54)
Foreign exchange differences	1,796		30
Closing balance	**20,551**		**4,224**

Financial performance H1 FY2015

	H1 2015 $'000	H1 2014 $,000
Group loss for the period (continuing and discontinued operations)	**(827)**	**(46,296)**
Less: non-cash items (continuing and discontinued operations)	13,475	(30,050)
- Impairment	-	(16,453)
- Depreciation and amortisation	(790)	(682)
- Unrealised foreign exchange profits / (losses)	14,296	(12,418)
- Share-based payments	(31)	(497)
Less: cash losses from discontinued operations	(711)	(5,603)
	(13,591)	(10,643)
Less: once-off items	(4,610)	-
'Cash loss' from continuing operations for the period	**(8,981)**	**(10,643)**

Financial position H1 FY2015

	DEC 2014 $'000	JUN 2014 $'000
Assets		
Non-current assets	281,371	316,311
Current assets	22,265	5,057
Assets held for sale	21,300	23,030
Total assets	**324,936**	**344,398**
Liabilities		
Non-current liabilities	7,113	4,643
- Deferred consideration	-	-
- Other	7,113	4,643
Current liabilities	29,986	55,285
- Deferred consideration	24,266	29,800
- Borrowings	-	6,372
- Short term provisions (FY2014 includes Envicoal $2.1 million)	176	2,447
- Trade and other payables (FY2014 includes Grindrod $10 million)	5,554	16,666
Liabilities associated with assets held for sale	4,024	4,150
Total liabilities	**41,123**	**64,078**
Net assets	**283,813**	**280,320**
Equity	**283,813**	**280,320**

The way forward:
David Brown, Chief Executive Officer

Key deliverables to unlock intrinsic value

2015

- Equity Raise completed
- Disposal of Mooiplaats completed or operate
- Makhado regulatory approval (NOMR and IWUL)
- Makhado BEE structure funded
- Vele regulatory approvals received for plant modification
- Subject to Board review Vele Plant modification commence

2016

- Makhado construction commences
- Pre Project Funding Secured if required
- Completion of Strategic Partner Equity deal
- Vele plant modification completed

2017

- Vele in Commercial Production

2018/2019

- Makhado in Commercial Production

DEFINED PATH FOR FUTURE VALUE CREATION

COAL of AFRICA LIMITED

Questions?