COAL of AFRICA LIMITED

Annual Results for year ended 30 June 2016

David Brown, Chief Executive Officer
De Wet Schutte, Chief Financial Officer

Friday 30 September 2016

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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 and strategy	David Brown
Project review	David Brown
Financial review	De Wet Schutte
Outlook and conclusion	David Brown

Introduction and strategy:
David Brown, Chief Executive Officer

CoAL project pipeline

Vision to responsibly produce in excess of 6.7 million tonnes per annum of saleable product by 2020 (from current projects)

Vele
"brownfields"
(1.2 Mtpa)

Makhado
"greenfields"
(5.5 Mtpa)

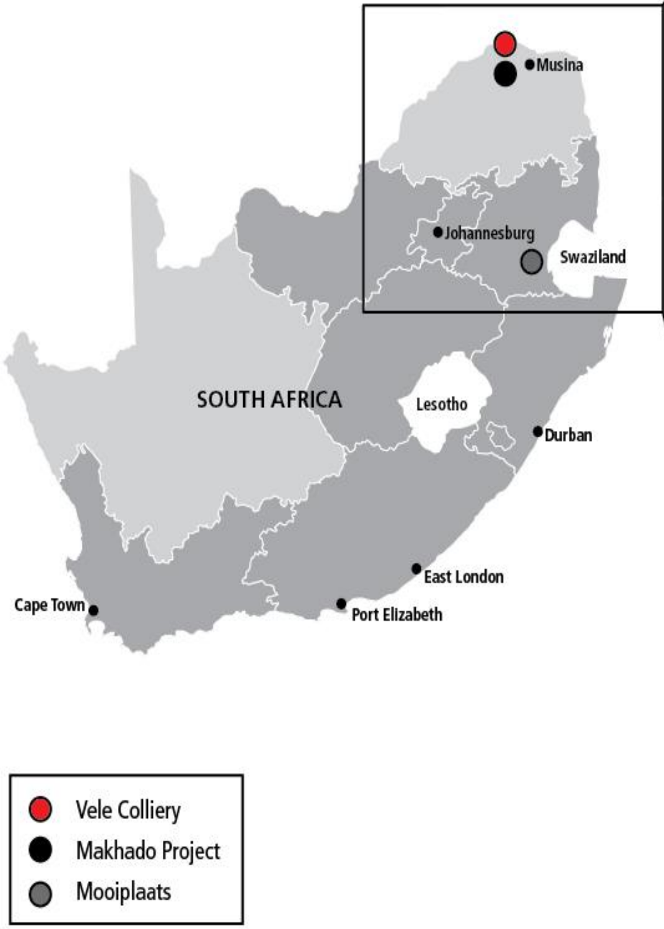
GSP
"greenfields"
Significant pipeline

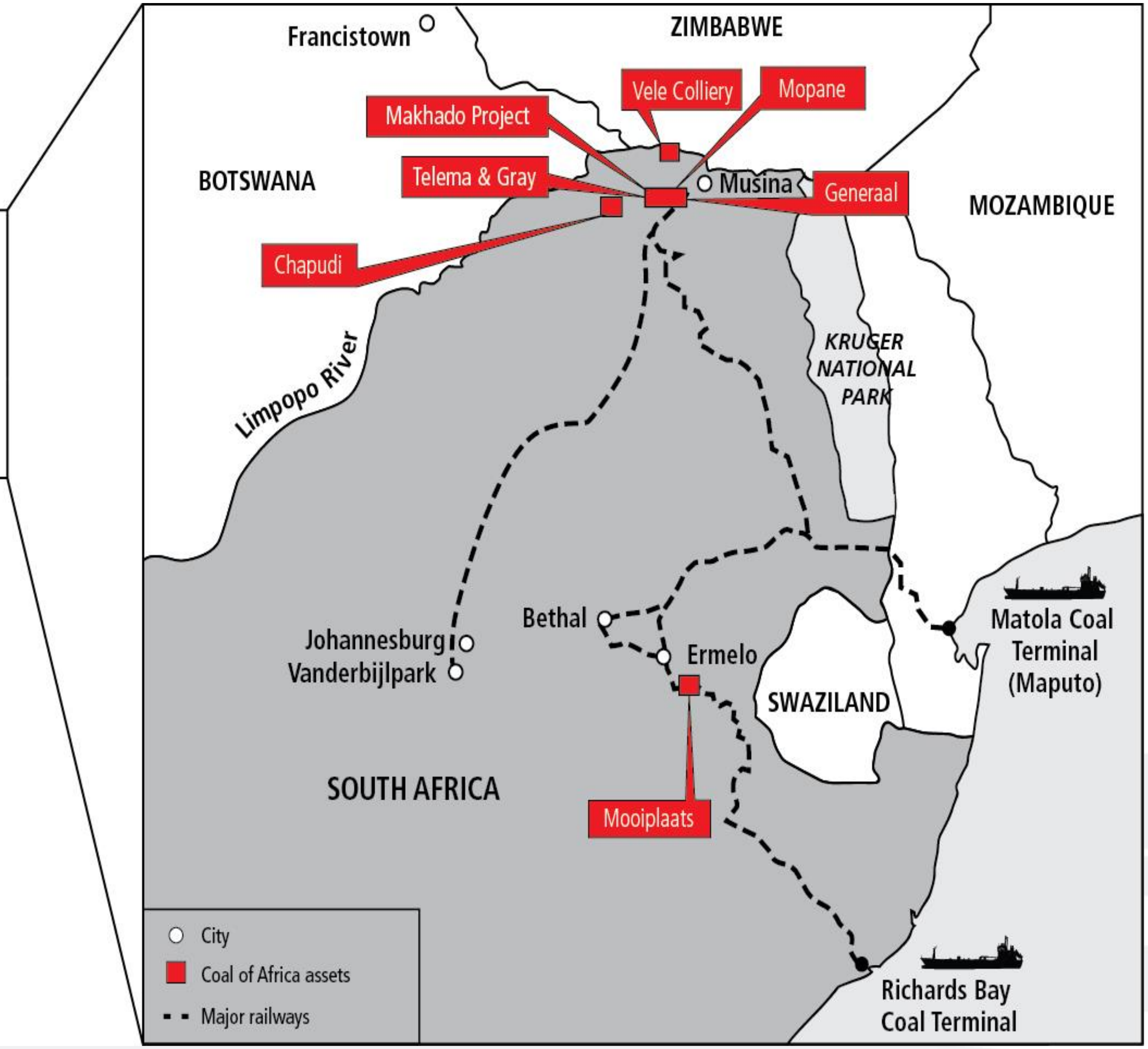
PRODUCER	DEVELOPMENT	EVALUATION
Acquisition of cash generator	Vele Makhado	Chapudi Mopane Generaal Telema&Gray
Short term strategy	Current project focus	Future project focus
A number of options are being evaluated – could add 3-5Mtpa	Vele: NOMR received Makhado: NOMR received	NOMR applications made

CoAL strategy

Advantages	Key risks
A major hard coking coal resource in South Africa	Cost of logistics – distance to end user
Large resource – extended LOM – over 100 years	Commodity prices(positive moves in 2016)
Logistics – in place and well tested	Political uncertainty impacts on the ability to raise funds
Strong national and local government support which sees CoAL as a catalyst for industrial development	Shareholder support not sufficient for acquisition of cash generator
Balance sheet strengthened	Community impact on project delivery
Legacy issues mostly resolved	Mooiplaats not yet sold

CoAL project development – location





CoAL's substantial resources and reserves

Abridged summary of JORC compliant resource & reserve statement – 30 June 2016	JORC-compliant resources (measured, indicated and inferred)[1,2]			JORC compliant reserves (proven & 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)	793.952	671.321	361.568	325.178	-	-
Mooiplaats[(4)] (Mpumalanga)	85.818	79.789	44.164	29.228	-	-
Makhado Project (Soutpansberg)	795.608	691.694	344.766	188.250	16.5	0.0
GSP (Soutpansberg)	7,161.022	5,751.716	1,660.230	-	51.4	66.1
Total	**8,836.399**	**7,194.519**	**2,410.728**	**542.656**	**67.9**	**66.1**

Notes:
(1) Resources are stated inclusive of reserves
(2) Independent Technical Statement for the GSP (29 January 2016)
(3) The Resource, defined in accordance with the 2012 JORC Code, updated in January 2016
(4) Mooiplaats Resource, defined in accordance with the 2004 JORC Code, declared in June 2015, and not updated as it has not materially changed

Coal market trends and pricing

Current levels of pricing have improved well over 40% during 2016:

- How long and how high?
- There has been a significant reduction in investment in new capacity (less future supply will impact the market)
- SA in particular has seen very little new investment

Metallurgical coal:

- HCC prices increased by 163.9% since January 2016, US$206.46 per tonne is highest price since 2013.
- Price increase due to reduction in supply from China and Australia, and increase in steel production in recent months
- Positive outlook, but sustainability still uncertain

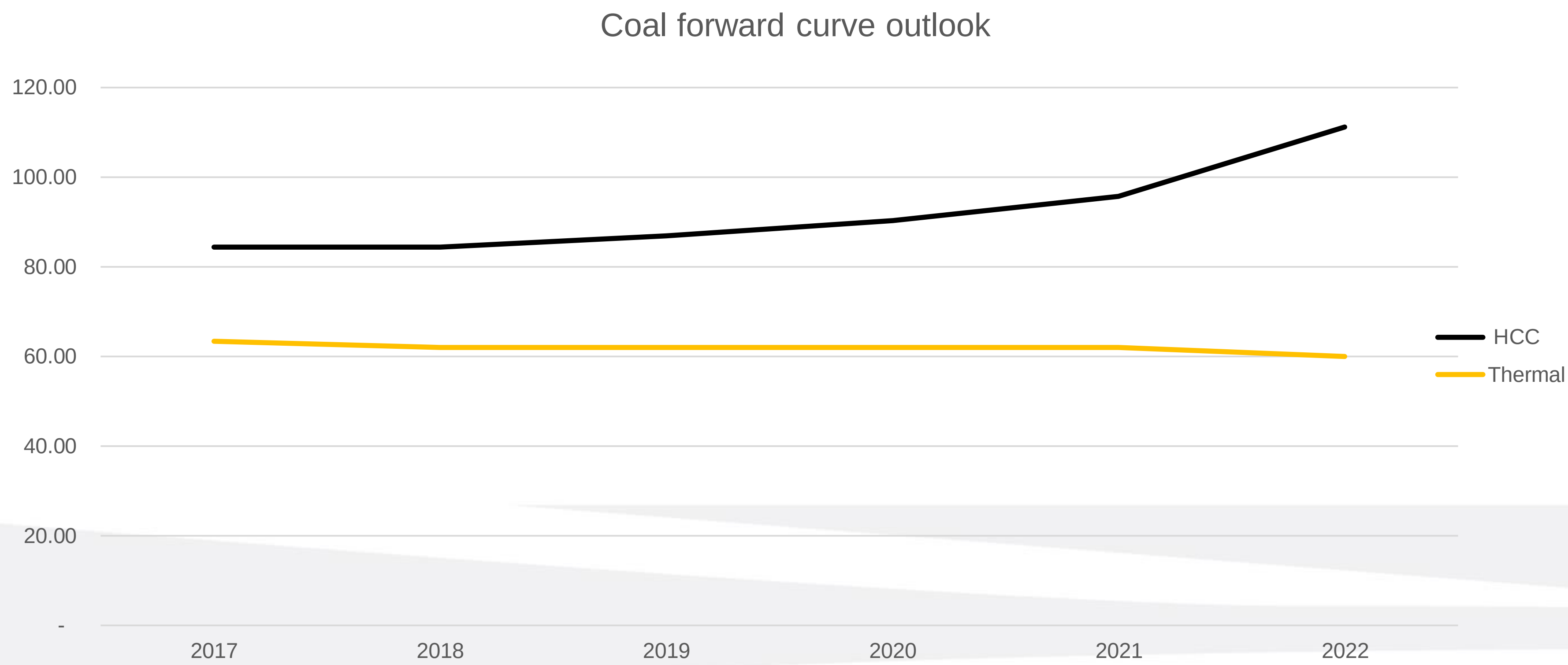
Thermal coal:

- Thermal prices increased by 42.8% since January 2016, US$72.25 per tonne
- Chinese economy shows signs of lower economic growth
- Indian market should be a growth market in future
- Domestic demand – opportunities exists but need for co-ordinated strategy

Price expectation – LoM Met and Thermal coal

Coal price forecast - long-term

Coal type	2017	2018	2019	2020	2021	2022
HCC	84.36	84.34	86.87	90.23	95.67	111.16
Thermal	63.3	62.0	62.0	62.0	62.0	59.9



*Forward Curve consensus view

Project review:
David Brown, Chief Executive Officer

Vele: 'brownfields project'

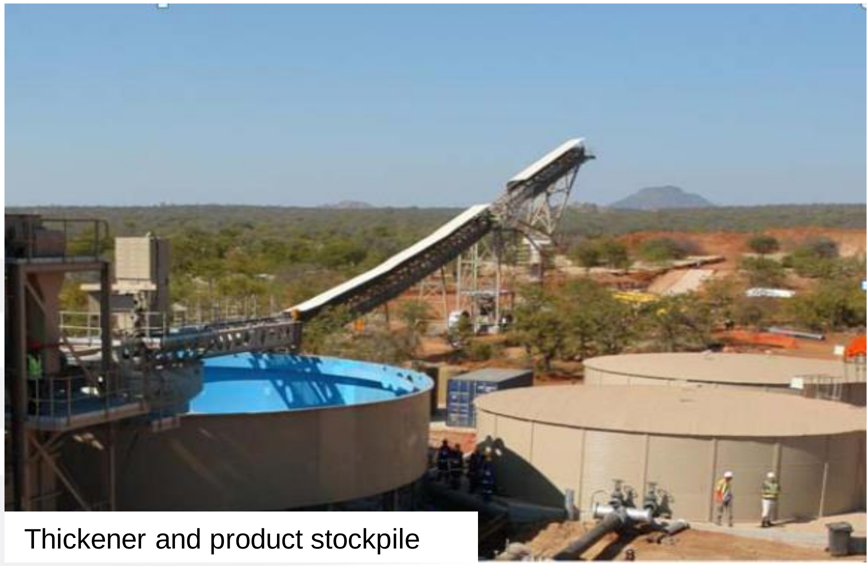
Project parameters

- Significant resource
- Licences in place
- Product suite and output being re-evaluated
  - SSCC and Thermal, or
  - Thermal product only
- Pricing concerns – despite improved prices, issue of sustainability to be considered

Project developments:

- Integrated Water Use license received – extension for 20 years
- Amendments for water use licence approved in line with the Plant modification plan
- EA appeal successfully dismissed
- EMC working collaboratively
- R55 million investment in BioDiversity and cultural heritage in line with offset agreement

Spiral plant



Thickener and product stockpile

Vele: 'brownfields, cont'd

Process for the next 12 months:

- Applications for regulatory approvals have been expanded to include permission for non-perennial stream diversion. Approvals expected H2 CY2016
- Once all regulatory approvals have been granted the board will review project parameters, coal prices and market conditions and conclude on the timeline of commencement of plant modification(if required)
- The company is also exploring the potential of a domestic supply model to enhance returns – through supply to local industrial initiatives
- Recent formation of Special Economic Zone near the resource is an encouraging development in the 3-5 year time frame
- Additional coal fired power stations required in Round 2 of the Department of Energy's IPP process– location closer to the Thuli Coal fields appear to make good long term strategic sense

Vele regulatory status

Authorisation	Issuing authority	Purpose	Duration	Status
Environmental authorisation	DEA	Environmental authorisation to undertake mining activities	Life of mine	Received 16 January 2015 Appeal dismissed June 2016 – VMRSF seeking high court review
New order mining right	DMR	Authorisation to mine resources in accordance with an approved mine plan	30 Years	Fully compliant in respect of PMP
Integrated water use licence	DWS	Water use limits for construction and mining activities	20 Years	Received December 2015 Started process for non perennial stream diversion – expected H2 CY2016

Makhado: 'greenfields'

- Current project assumption presents a real project NPV of R8,8 billion(US$ 544million) at an 8.5% discount rate (real).
- Minable tonnes in-situ (MTIS) of 344.4 million tonnes have remained unchanged. Producing via opencast 12.6 million RoM tonnes per annum with saleable product: 2.3Mtpa of hard coking coal and 3.2Mtpa of thermal coal and a life-of-mine (LoM) of 16 years
- The Front End Engineering Design for the Makhado Project has been completed during the year.
- Post FEED Capital expenditure has reduced from US$406 million(DFS) to US$280 million – majority of saving due to currency impact
- The Makhado Project benefits from excellent existing infrastructure with respect to rail, road, power and port allocation. Rail and port charges reduced since the DFS adding substantial value to the project cashflows.
- Positive discussions regarding off-take agreements with AMSA for Hard coking coal
- Tested the thermal product and is suitable for energy generation – both domestic or export quality possible

Makhado: medium term ‘greenfields’, cont’d

Makhado Project empowered

- Empowerment structures in place - 26% interest in the Project owned by local communities and group of entrepreneur’s
- Empowerment structures subject to the necessary funding for the purchase of their interest and for their share of the development costs of the project.
- 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 to explore various funding options
- **Makhado project development plan:**
  - Regulatory approvals to be finalised
  - Surface rights to be finalised
  - Funding – debt and equity discussion
  - Construction commence towards end of CY2017

Makhado regulatory status

Significant progress made with all key authorisations

Authorisation	Issuing authority	Purpose	Duration	Status
Environmental authorisation	LEDET & DMR	Environmental authorisation to undertake mining activities	Life of mine	Received August 2013 Amended, transferred to Baobab. Validity extended by 5 years
New Order Mining Right	DMR	Authorisation to mine resources in accordance with an approved mine plan	20 Years	Received May 2015
Integrated Water Use Licence	DWS	Water use limits for construction and mining activities	20 Years	Received January 2016 Appealed April 2016 - suspended

Further minor permits will be required but these will be applied for as and when needed for the construction and operation of the mine

GSP: Massive pipeline – Long Term Potential

Four early stage coking and thermal coal exploration projects in the Soutpansberg Coal field namely Chapudi, Generaal, Mopane, Telema&Gray which collectively make up the GSP with over 1.6 billion tonnes of Coal (minable tonnes in situ)

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
Telema & Gray	August 2013	October 2013

Financial review:
De Wet Schutte, Chief Financial Officer

Cashflow FY2016

	2016 $'000	2015 $'000
Opening balance	**17,882**	**2,099**
Operational losses	(12,692)	(15,675)
Settlement of Grindrod	-	(10,367)
Rio Tinto capital and interest	(4,066)	(11,619)
Settlement of EnviCoal	-	(2,431)
Development and exploration expenditure and property plant and equipment	(1,301)	(2,436)
Other investing activities	(3,307)	132
Decrease/(increase) in restricted cash	774	4,761
Net proceeds from share issue	13,707	57,926
Proceeds/(payment) of loans	10,000	(5,909)
Other financing activities	444	1,579
Foreign exchange differences	(1,918)	(178)
Closing balance	**19,523**	**17,882**

Financial performance FY2016

	2016 $'000		2015 $'000
Group loss for the year (continuing and discontinued operations)	**24,876**		**6,711**
Less: non-cash items (continuing and discontinued operations)	(10,664)		9,810
- Depreciation and amortisation	(1,199)		(1,472)
- Unrealised foreign exchange losses	(9,568)		14,504
- PV on Rio Tinto Deferred Consideration	-		1,303
- Share-based payments	(193)		(3,064)
- Net finance income	(849)		(1,504)
- Other non-cash items	630		(308)
- Working capital changes	515		(351)
Less: cash losses from discontinued operations	(1,075)		(1,400)
'Cash loss' from continuing operations for the year	**13,137**		**15,121**

Financial position FY2016

	2016 $'000		2015 $'000
ASSETS			
Non-current assets	238,235		268,025
Current assets	20,361		19,255
Assets held for sale	14,567		19,347
TOTAL ASSETS	**273,163**		**306,627**
LIABILITIES			
Non-current liabilities	4,003		21,155
- Deferred consideration	-		15,422
- Other	4,003		5,733
Current liabilities	29,986		7,563
- Deferred consideration	16,016		3,265
- Borrowings	10,000		-
- Short term provisions	398		294
- Trade and other payables	3,572		4,004
Liabilities associated with assets held for sale	2,732		3,354
TOTAL LIABILITIES	**36,721**		**32,072**
NET ASSETS	**236,442**		**274,555**
EQUITY	**236,442**		**274,555**

The way forward:
David Brown, Chief Executive Officer

Key deliverables to unlock intrinsic value

FY 2017

- Vele regulatory approvals received for plant modification – H1 FY 2017
- Acquisition of Cash Generator H2 FY 2017
- Review of Vele option H2 FY2017
- Makhado regulatory matters resolved– H2 FY 2017

FY 2018

- Makhado construction activities commence – H1 FY 2018
- Vele potentially in production

FY 2020

- Makhado in Commercial Production
- 6.7 million saleble tonnes per annum produced(Vele and Makhado)

DEFINED PATH FOR FUTURE VALUE CREATION

Moving Forward

- Significant existing resource of 8.8 billion gross tonnes in situ
- Good governance framework developed
- Well regarded by government – both local and national level
- Hard coking coal differentiator – Local and export supply
- Well positioned for future provincial growth opportunities – IPP as well as the establishment of a special economic zone in close proximity to current resources
- Regulatory processes moving ahead
- Legacy issues – largely completed. Sale of Mooiplaats to be finalised in the next year
- Acquisition of cash generator is crucial, shareholder support is required

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Questions?

www.coalofafrica.com