



Acquisition of the Uitkomst Colliery

Investor Presentation

April 2017



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- (iv) an authorised financial services provider, as defined in the Financial Advisory and Intermediary Services Act, 2002 (Act No. 37 of 2002);
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The information in the Presentation Materials relating to PAR Coal and the Uitkomst Colliery have been compiled from publically available information ("Target Information"). The Company has not independently verified any of the Target Information and does not take any responsibility for the accuracy or reliability of the Target Information.

- Coal of Africa Limited (“CoAL”) continues to restructure its balance sheet, while aligning operations and its project pipeline ahead of unlocking shareholder value. As evidenced in the recent announcements of the YBI loan conversion and M&G subscription.
- As part of the restructuring, management has recognised that limited cash flow will be generated during the Makhado pre-production phase – next 2 to 3 years.
- In furthering CoAL’s strategy, CoAL is pleased to announce that it has entered into an agreement (“the Sale Agreement”) with Pan African Resources Plc (“Pan African”) to acquire 100% of the shares in and claims against Pan African Resources Coal Holdings Proprietary Limited (“PAR Coal”), the owner of the Uitkomst Colliery (“Uitkomst”), for a purchase price of R275 million (US\$20.5 million¹) (the “Purchase Price”) (“The Acquisition”).

1) US\$/R 13.41 exchange rate as at 31 March 2017

Rationale for CoAL



- CoAL believes that the Acquisition has compelling strategic, operational and financial logic
- The Acquisition will create a more diverse group with an enhanced financial and market profile and be led by a management team with proven operational capabilities
- CoAL believes the Acquisition represents a highly compelling and attractive value proposition, and believes it to be value accretive which may support a re-rating as CoAL transitions from a project developer to having an asset which generates positive cash flows
- CoAL believes that Uitkomst will complement CoAL's flagship Makhado project and development project pipeline



Overview of the Acquisition



The Purchase Price

- Purchase Price is as follows:
 - R125 million (US\$9.3 million¹) payable in cash (“Cash Consideration”);
 - R25 million (US\$1.8 million¹) deferred consideration (“the Deferred Consideration”). The Deferred Consideration can be repaid by CoAL at any time prior to the 24 month anniversary of the effective date of the Acquisition. The Deferred Consideration will bear interest at the prime rate, and shall be repaid on the second anniversary of the effective date. CoAL shall be entitled to prepay any amounts in respect of the deferred consideration. If not settled after 24 months the balance outstanding can be converted into CoAL shares at the 30 day volume weighted average price (“VWAP”) as traded on the JSE at Pan African’s election ; and
 - To the extent that certain coal buy in opportunities are not secured by Pan African, within two years from the effective date, which would result in CoAL suffering a lower economic benefit, the Deferred Consideration can be reduced by such value, subject to a maximum of R15 million
 - 261 287 625 newly issued CoAL shares (equivalent to R125 million) equating to approximately 9.3% of the total issued share capital of CoAL. The deemed issue price of the shares is based on an 8% discount to the CoAL VWAP on the JSE as at 31 March 2017 (“Share Consideration”).

Funding

- The Cash Consideration is to be funded by CoAL through a combination of:
 - Internal cash resources; and
 - US\$13 million equity investment in CoAL

1) US\$/R 13.41 exchange rate as at 31 March 2017

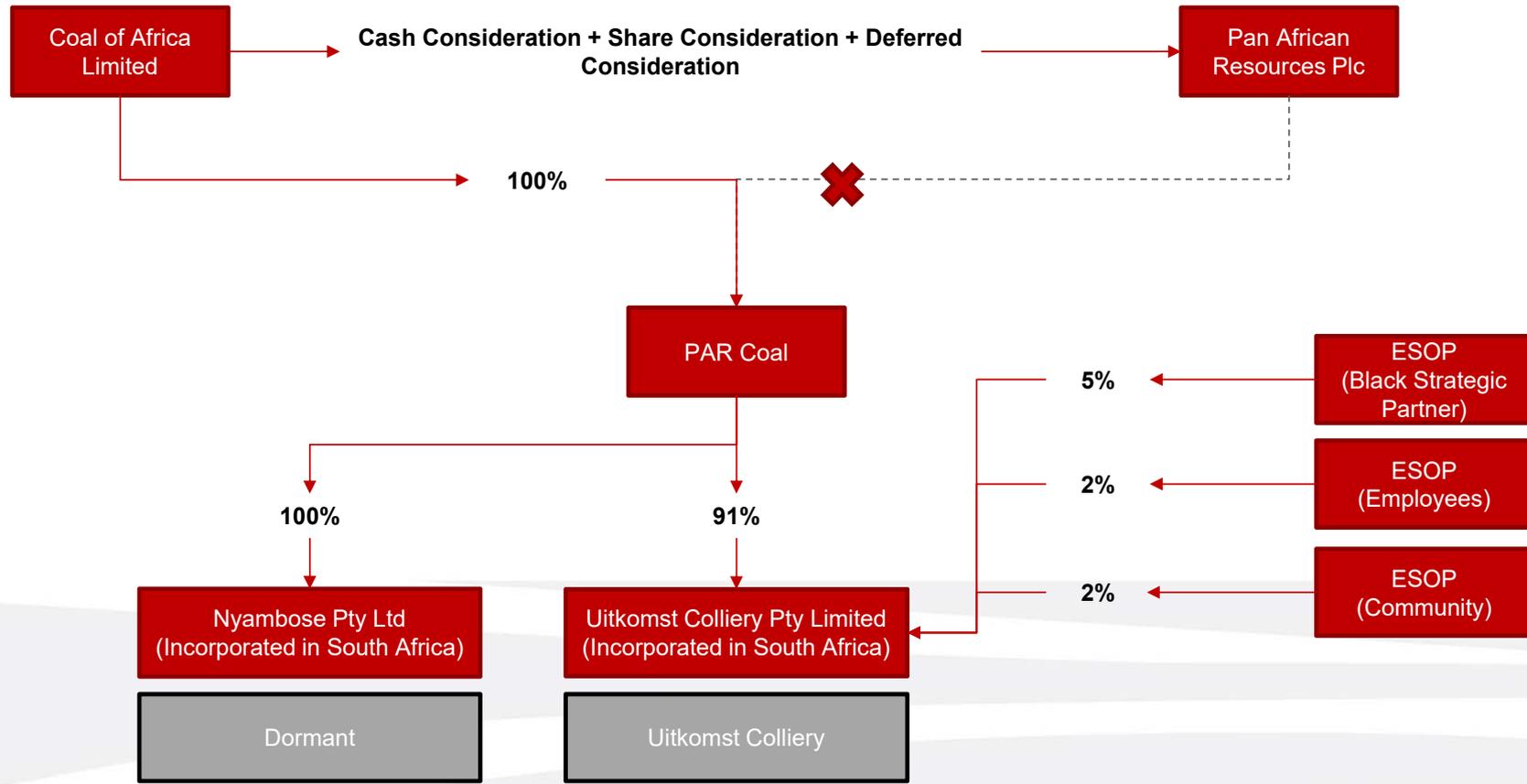
Overview of the Acquisition Cont'd



Conditions Precedent

- CoAL obtaining all of the requisite shareholder, AIM, JSE and ASX approvals to implement the Acquisition (and ancillary transactions);
 - Although shareholder approval is not specifically required for the approval of the Acquisition, CoAL will require shareholders to approve the issue of the Share Consideration and subscription shares
- Uitkomst entering into a supply of coal agreement on terms acceptable to CoAL;
- Uitkomst has been released, in writing, from its obligations as a guarantor in terms of Pan African facility agreements;
- Pan African has been released from its obligations as guarantor from the financial provisions provided to the DMR (“the Guarantee”) and the Guarantee has been replaced in a manner and form acceptable to CoAL;
- Pan African and CoAL entering into a separate transitional services agreement;
- The approval by the Competition Authorities in terms of the Competition Act; and
- Any exchange control approval which might be required from the Exchange Control Authorities, in terms of the Exchange Control Regulations being obtained.

Transaction Structure

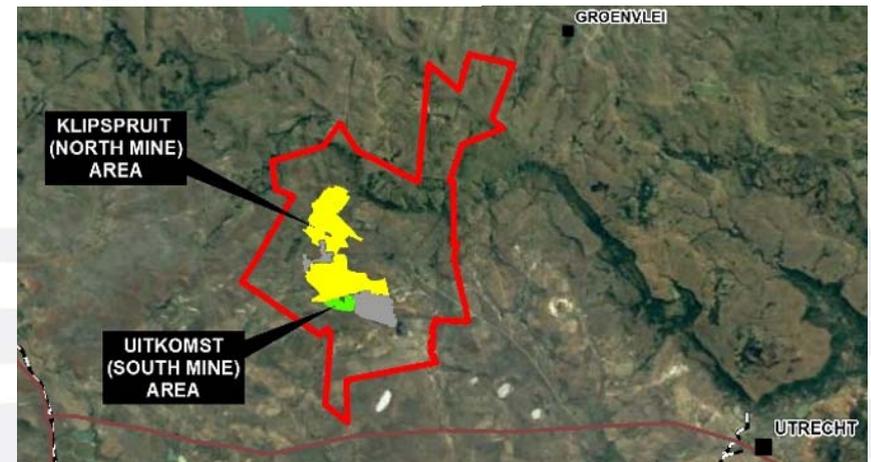
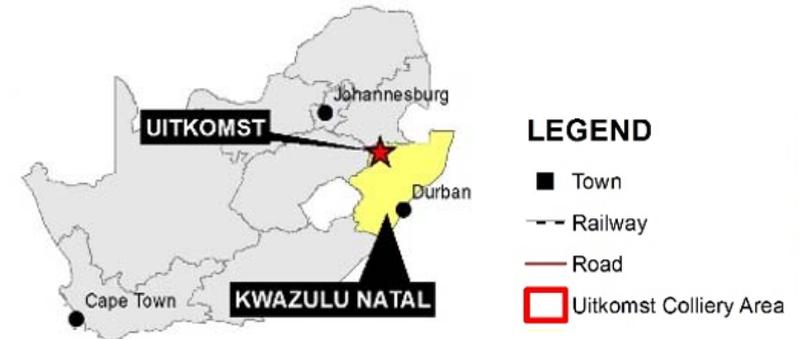


Uitkomst



- Uitkomst is situated some 20 km due northwest of the town of Utrecht and 23 km northeast of the town of Newcastle
- Is a high-grade coal producer, which produces thermal and metallurgical coal from its run of mine (“ROM”) production
- Is situated adjacent to the rehabilitated Klipspruit mine, which was operated by Anglovaal in 1987
- Uitkomst is analysing the opportunity to mine the Klipspruit property (North Mine) which will extend the life of mine (“LOM”)
- For the 6 months ending 31 December 2016 the operation processed 236,011 tonnes and sold, (including acquired), 327,202 tonnes
- The quality of the coal produced makes it highly sought after in the local market and under current pricing assumptions Uitkomst generates strong cash flow
- Uitkomst currently increases sales through the buying in of additional coal in the area

Location



Salient features



Key facts	Comments
Mine type	<ul style="list-style-type: none">Underground Bord and Pillar (Conventional drill and blast)
Seams	<ul style="list-style-type: none">Gus seam – average reserve seam height = 1.40m
Power	<ul style="list-style-type: none">Current Eskom supply of 1.0 MVA (fed via an off-site transformer)Supplemented diesel generators of 2.2MVAApplied for Eskom increase to 5 MVA
Sales & Market	<ul style="list-style-type: none">Produce a 12% ash pulverised coal injection (“PCI”) productProduce a 12% ash peas product for local marketBuy in high sulphur coal (blend 20% of Uitkomst slurry with this coal and sell)
Surface infrastructure	<ul style="list-style-type: none">Process plant with a capacity of 110tph or 700ktpaOfficesWorkshopsUitkomst is accessible via a well maintained road network and railway line runs
Employees	<ul style="list-style-type: none">520 employees (including contractors)



Timelines



The anticipated Transactions timetable is:

- Acquisition Announcement 04 April 2017 ✓
- Posting of Circular to CoAL shareholders late April 2017
- CoAL shareholder meeting late May 2017
- Closing of the Acquisition (Subject to Competition Commission approval) June 2017

Conclusion



- Uitkomst represents a high grade, cash generative operation with the potential to extend its LOM and to increase sales through coal buy in from the surrounding area
- The Acquisition will aid the development of CoAL's current project pipeline through the added cash flows and a strengthened balance sheet
- CoAL believes that the Acquisition has compelling strategic, operational and financial logic
- Re-dimension CoAL as it transitions from a project developer to having cash generative assets