



ANNOUNCEMENT

30 January 2015

REPORT FOR THE QUARTER ENDED 31 DECEMBER 2014

Significant Progress for Coal of Africa

Coal of Africa Limited ("CoAL" or "the Company") which operates in South Africa, together with its subsidiaries, hereby provides its operational update for the quarter ended 31 December 2014. All figures are denominated in United States dollars unless otherwise stated. A copy of this report is available on the Company's website, www.coalofafrica.com.

Salient Operational Features

- No lost-time injuries recorded during the quarter (FY2015 Q1: nil).
- Signature of Biodiversity Offset Agreement ("BOA") for the Vele Colliery with the Department of Environmental Affairs and South African National Parks.
- Work continued on the applications to amend the Environmental Authorisation ("EA") for the Vele Colliery to include the anticipated plant modifications, approval for which was received post 31 December 2014.
- Sedgman completed the Front End Engineering and Design ("FEED") process for the Vele Colliery plant modification during the quarter.

Corporate and Financial Features

- Completion of the first two stages of the three stage equity placement process raising \$46 million net of costs, with the final stage raising gross proceeds of approximately \$14 million, due to be completed on or around 29 April 2015.
- Payment of \$10 million to Grindrod Corridor Management Proprietary Limited and Terminal de Carvão da Matola Limitada, settling all outstanding liabilities and take or pay obligations until 31 December 2016. Any further obligations would be dependent on any future capacity requirements still to be contracted.
- The liability owing to Rio Tinto was reduced during the quarter on the payment of \$6.2 million while discussions continued on the settlement of the remaining balance of \$23.5 million.
- Settlement of the Investec working capital facility, in accordance with its terms, during the quarter with the payment of \$5.8 million.
- Settlement of the last outstanding significant legal matter following an arbitration award of \$1.4 million and \$1 million interest to Envicoal.

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Bernard R. Pryor – Chairman, David H. Brown – Chief Executive Officer, Michael G. Meeser – Chief Financial Officer Non-executive directors: Peter G. Cordin, Andrew D. Mifflin, Khomotso B. Mosehla, Thabo F. Mosololi, Rudolph H. Torlage

- Continued discussions with stakeholders including the communities and the Department of Mineral Resources in advancing the award of the Makhado New Order Mining Right (“NOMR”).
- The Company continued to engage with the Department of Water Affairs to progress the application for the Makhado Project Integrated Water Use Licence (“IWUL”), which CoAL anticipates will be issued after the receipt of the NOMR.
- Extension of the option period until end CY2015 following receipt of a further payment of ZAR2.5 million (\$0.2 million) for the sale of Holfontein.
- Extension for the proof of funding period in terms of the Sale and Purchase Agreement (“SPA”) with Blackspear for the disposal of the non-core Mooiplaats Colliery until April 2015.
- Restructuring of rehabilitation guarantees resulted in the release of R16 million (\$1.3 million) of restricted cash.
- Resignation of David Murray as Senior Non-Executive Director and appointment of Andrew Mifflin and Thabo Mosololi as Non-Executive Directors.
- Available cash at period end was \$20.6 million after settlement of liabilities, payment of operating costs of \$3.4 million and restricted cash of \$1.9 million.

Post period highlights

- The Company received the amended and updated EA for the Vele Colliery. The application for the amendment and extension of the IWUL for the colliery is still pending, following which the Company will make a decision as the timing of the start of the plant modification at the colliery.

Commenting today, Mr David Brown, Chief Executive Officer said: “The successful completion of two stages of the equity placement process at a premium to the current CoAL share price is a vote of confidence in the Company’s strategy and the intrinsic value of its assets, as well as the progress made during the last 18 months. The third stage of the placement process is expected to be completed during April 2015, resulting in a successful capital raise in what are considered to be very tough market conditions for mining companies, especially junior mining companies. The funds raised will be utilised to settle historic obligations and progress the Company’s projects which are at various stages of exploration and development.”

QUARTERLY COMMENTARY

Mooiplaats Colliery – Ermelo Coalfield (74% owned)

The Mooiplaats thermal coal colliery (“Mooiplaats Colliery”) was placed on care and maintenance during the September 2013 quarter and recorded no lost time injuries (“LTIs”) during the period (FY2015 Q1: no LTIs).

During the previous quarter the Company signed an SPA with Blackspear Capital (“Blackspear”), a wholly owned subsidiary of Blackspear Holdings Proprietary Limited, for the disposal of the Mooiplaats Colliery for R250 million (\$22.2 million). As announced on 6 November 2014, Blackspear had agreed terms with a financial and operational partner to fund its acquisition of Mooiplaats. Post period end however, Blackspear have informed the Company they are no longer engaged in discussions with their proposed partner and as a result are seeking an alternative partner. However, given current market conditions, the Company and Blackspear have agreed an extension on a non-exclusive basis for Blackspear to meet the proof of funding condition precedent until 30 April 2015.

Vele Colliery – Limpopo (Tuli) Coalfield (100% owned)

The Vele coking and thermal coal colliery (“Vele Colliery”) recorded no LTIs during the quarter (FY2015 Q1: no LTIs).

During the quarter a historic BOA was signed by the Department of Environmental Affairs (“DEA”), South African National Parks Board (“SANparks”) and CoAL to the value of R55 million (\$4.7 million) over a 25 year period. The BOA is intended to promote the development of Mapungubwe so that it benefits the environment, the local economy and resident communities and provides an appropriate framework to manage the interface between mining operations and the Mapungubwe World Heritage Site.

The BOA is based on the ecosystem approach to biodiversity management, promoting the integrated management of land, water and natural capital and enhance co-operation between the three parties towards the conservation and sustainable development of the Mapungubwe World Heritage Site, safeguarding its integrity and ensuring that the negative impacts of development are avoided, minimised or remedied.

The Company previously submitted applications to amend the colliery’s EA to include the plant modifications. These applications were approved by the DEA in early CY2015. The Company has also submitted applications to amend and renew Vele’s IWUL and CoAL is confident these will be received during H1 CY2015. The current Vele Colliery IWUL is valid until March 2016 and the Company has delayed the commencement of the plant modification construction to Q3 CY2015 pending these approvals, which also gives the Company further time to assess the outlook for coal prices.

The FEED process for the Vele Colliery plant modification project undertaken by Sedgman South Africa was completed during the quarter. Changes to the plant modification design have resulted in a shortened construction period with the improvements resulting in the simultaneous production of semi-soft coking coal and thermal coal and the next stage of detailed design will commence upon project execution.

Makhado Coking Coal Project – Soutpansberg Coalfield (100% owned)

The Makhado coking coal project (“Makhado Project”) recorded no LTIs (FY2015 Q1: no LTIs) during the quarter.

As required under South African mining legislation, a minimum 26% black economic empowerment (“BEE”) shareholding is required for mining and exploration projects. CoAL previously signed a Memorandum of Agreement to enable a Broad Based Black Economic Empowerment (“BBBEE”) consortium comprising seven local communities to acquire a 20% interest in the Makhado Project, subject to funding, and during the quarter the Company continued the process of identifying suitable BEE shareholders to acquire a further 6% of the project. These transactions will ensure that the Makhado Project has the requisite corporate structure for the granting of the NOMR.

During the quarter an interim court interdict was issued against the Makhado Project seeking to halt any mining or construction activity on the site. The Company, as one of the respondents, has commenced work with the other respondents to set aside the interim interdict. CoAL does not anticipate that this process will impede on the delivery timetable for the mine to come into commercial production during CY2019 as no construction or mining activities are anticipated during CY2015.

Greater Soutpansberg Project (MbeuYashu) (74% owned)

The MbeuYashu Project recorded no LTIs (FY2015 Q1: no LTIs) during the period.

During the quarter the Company continued to engage with stakeholders, in particular communities, in relation to the Greater Soutpansberg Project which comprises the Generaal, Chapudi and Mopane projects.

Corporate Update

During the previous quarter CoAL shareholders approved a two stage equity placement for the issue of up to 695 million shares for GBP0.055 raising approximately \$64.9 million. This balance was calculated in August 2014 using an indicative exchange rate of GBP1:\$1.70 which had weakened 8.6% to GBP1:\$1.55 at the end of the quarter, resulting in the revised expected proceeds of \$60 million. The 8.4% weakening of the ZAR:\$ exchange rate between August and December 2014 partially mitigated the decline in the US\$ receipts as the

Company's future expenses are predominantly Rand denominated. The required regulatory approvals for stage 1 were received during November 2014 resulting in the issue of 295 million CoAL shares.

During December 2014 the Company announced that it had agreed with all participants in the equity placement to split the second stage of the placement into two parts. This stage was previously conditional on receipt from TMM Holdings (Pty) Ltd, of confirmation that it had received sufficient funding to fulfil its second stage funding commitment. The second stage of the equity placement was completed during December 2014 with the issue of 300 million ordinary shares and the third stage will result in the issue of 144 million shares, anticipated to be completed by April 2015.

Authorised by

David Brown

Chief Executive Officer

30 January 2015

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Investec Bank Limited is the nominated JSE Sponsor

About CoAL:

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

Tenements held by CoAL and its Controlled Entities

Project Name	Tenement Number	Location	Interest	Change in quarter
Chapudi Project*	Albert 686 MS-	Limpopo~	74%	
	Bergwater 712 MS--		74%	
	Remaining Extent and Portion 2 of Bergwater 697 MS--		74%	
	Blackstone Edge 705 MS		74%	
	Remaining Extent & Portion 1 of Bluebell 480 MS-		74%	
	Remaining Extent & Portion 1 of Bushy Rise 702 MS--			
	Castle Koppies 652 MS--		74%	
	Chapudi 752 MS --		74%	
	Remaining Extent, Portions 1, 3 & 4 of Coniston 699 MS--		74%	
	Driehoek 631 MS--		74%	
	Remaining Extent of Dorps-rivier 696 MS--		74%	
	Enfield 512 MS (consolidation of Remaining Extent of Enfield 474 MS, Brosdoorn 682 MS & Remaining Extent of Grootvlei 684 MS)--		74%	
	Remaining Extent and Portion 1 of Grootboomen 476 MS-		74%	
	Grootvlei 684 MS--		74%	
	Kalkbult 709 MS		74%	
	Remaining Extent, Remaining Extent of Portion 2, Remaining Extent of Portion 3, Portions 1, 4, 5, 6, 7 & 8 of Kliprivier 692 MS-		74%	
	Remaining Extent of Koodoobult 664 MS-		74%	
	Koschade 657 MS (Was Mapani Kop 656 MS)-		74%	
	Malapchani 659 MS-		74%	
	Mapani Ridge 660 MS-		74%	
	Melrose 469 MS-		74%	
	Middelfontein 683 MS-		74%	
	Mountain View 706 MS-		74%	
	M'tamba Vlei 654 MS		74%	
	Remaining Extent & Portion 1 of Pienaar 635 MS-		74%	
	Remaining Extent & Portion 1 of Prince's Hill 704 MS-		74%	
	Qualipan 655 MS-		74%	
	Queensdale 707 MS-		74%	
	Remaining Extent & Portion 1 of Ridge End 662 MS-		74%	
	Remaining Extent & Portion 1 of Rochdale 700 MS-		74%	
	Sandilands 708 MS-		74%	
	Portions 1 & 2 of Sandpan 687 MS--		74%	
	Sandstone Edge 658 MS-		74%	
Remaining Extent of Portions 2 & 3 of Sterkstroom 689 MS--	74%			
Sutherland 693 MS-	74%			
Remaining Extent & Portion 1 of Varkfontein 671 MS--	74%			
Remaining Extent, Portion 2, Remaining Extent of Portion 1 of Vastval 477 MS-	74%			
Vleifontein 691 MS-	74%			
Ptn 3, 4, 5 & 6 of Waterpoort 695 MS--	74%			

Project Name	Tenement Number	Location	Interest	Change in quarter
	Wildebeesthoek 661 MS-		74%	
	Woodlands 701 MS-		74%	
Kanowna West and Kalbara	M27/41	Coolgardie^	23.68%	
	M27/47		23.68%	
	M27/59		23.68%	
	M27/72,27/73		23.68%	
	M27/114		23.68%	
	M27/181		21.31%	
	M27/196		23.68%	
	M27/414,27/415		23.68%	
	P27/1826-1829		23.68%	
	P27/1830-1842		23.68%	
	P27/1887		23.68%	
Abbotshall Royalty	ML63/409,410	Norseman^	Royalty	
Kookynie Royalty	ML40/061	Leonora^	Royalty	
	ML40/135,136		Royalty	
Holfontein	Remaining extent, Remaining Extent of portions 1, 5 and 11 and portions 4, 6, 9, 10, 12 and 13 of the farm Holfontein 138 IS	Mpumalanga~	100%	
Makhado Project	Fripp 645 MS	Limpopo~	100%	
	Lukin 643 MS		100%	
	Remaining Extent and Portion 1 of Overwinning 713 MS		100%	
	Salaita 188 MT		100%	
	Tanga 648 MS		100%	
	Remaining Extent, Portion 1 and Portion 2 of the farm Windhoek 649 MS		100%	
Generaal Project	Beck 568 MS--	Limpopo~	74%	
	Bekaf 650 MS-		74%	
	Remaining Extent & Portion 1 of Boas 642 MS-		74%	
	Chase 576 MS-		74%	
	Coen Britz 646 MS-		74%	
	Fanie 578 MS-		74%	
	Gray 189 MT		100%	
	Portions 1, 2 and Remaining Extent of Generaal 587 MS-		74%	
	Joffre 584 MS-		74%	
	Juliana 647 MS		74%	
	Kleinenberg 636 MS-		74%	
	Remaining Extent of Maseri Pan 520 MS-		74%	
	Remaining Extent and Portion 2 of Mount Stuart 153 MT--		100%	
	Nakab 184 MT--		100%	
	Phantom 640 MS--		74%	
	Riet 182 MT--		100%	
Rissik 637 MS-		100%		
Salaita 188 MS-		74%		

Project Name	Tenement Number	Location	Interest	Change in quarter
	Schuitdrift 179 MT-		100%	
	Septimus 156 MT--		100%	
	Solitude 111 MT-		74%	
	Stayt 183 MT--		100%	
	Telema 190 MT		100%	
	Remaining Extent & Portion 1 of Terblanche 155 MT--		100%	
	Van Deventer 641 MS-		74%	
	Wildgoose 577 MS-		74%	
Mopane Project*	Ancaster 501 MS--	Limpopo~	100%	
	Banff 502 MS-		74%	
	Bierman 599 MS-		74%	
	Cavan 508 MS		100%	
	Cohen 591 MS--		100%	
	Remaining Extent, Portions 1 & 2 of Delft 499 MS-		74%	
	Dreyer 526 MS--		74%	
	Remaining Extent of Du Toit 563 MS-		74%	
	Faure 562 MS		74%	
	Remaining Extent and Portion 1 of Goosen 530 MS --		74%	
	Hermanus 533 MS-		74%	
	Jutland 536 MS--		100%	
	Krige 495 MS-		74%	
	Mons 557 MS-		100%	
	Remaining Extent of Otto 560 MS (Now Honeymoon)-		74%	
	Remaining Extent & Portion 1 of Pretorius 531 MS-		74%	
	Schalk 542 MS-		74%	
	Stubbs 558 MS-		100%	
	Ursa Minor 551 MS--		74%	
	Van Heerden 519 MS--		74%	
	Portions 1, 3, 4, 5, 6, 7, 8, 9, Remaining Extent of Portion 10, Portions 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 26, 27, 29, 30, 35, 36, 37, 38, 39, 40, 41, 44, 45, 46, 48, 49, 50, 51, 52 & 54 of Vera 815 MS		74%	
	Remaining Extent of Verdun 535 MS-		74%	
	Voorburg 503 MS--		100%	
Mooiplaats Colliery and prospects	Portions 1, 9,14,17,18,19,20 & Remaining Extent of Mooiplaats 290 IT	Mpumalanga~	74%	
	Portion 2, 3 and Remaining Extent of Klipbank 295 IT		74%	
	Portions 1, 2 and Remaining Extent of Adrianople 296 IT		74%	
	Portions 2 & 3 of Willemsdal 330 IT		74%	
	Portions 2, 3, 4 & Remaining Extent) of De Emigratie 327 IT		74%	
	Remaining Extent and Portions 2, 5, 8,10 & 13 of Buhrmansvallei 297 IT		74%	
	Klipfontein 442 IT		74%	
Vele Colliery and prospect	Portions of Overvlakte 125 MS (Remaining Extent, 3, 4, 5, 6, 13, 14)	Limpopo~	100%	
	Bergen Op Zoom 124 MS		100%	
	Semple 155 MS		100%	
	Voorspoed 836 MS		100%	
	Alyth 837 MS		100%	

Project Name	Tenement Number	Location	Interest	Change in quarter
	Lizzuela 62 MS		100%	
	Patracia 65 MS		100%	
	Hacyon 69 MS		100%	
Tshikunda	Certain portions of Unsurveyed State Land known as Mutale	Limpopo~	60%	
Coal bed methane	Adelaide 91 MT	Limpopo~	50%	
	Adieu 118 MT		50%	
	Alicedale 138 MT		50%	
	Armstice 120 MT		50%	
	Bergwater 697 MS		50%	
	Bergwater 712 MS		50%	
	Blackstone Edge 705 MS		50%	
	Bushy Rise 702 MS		50%	
	Chapudi 752 MS		50%	
	Charlotte 90 MT		50%	
	Chase 576 MS		50%	
	Cross 117 MT		50%	
	Doppie 95 MT		50%	
	Ettie 33 MT		50%	
	Fanie 578 MS		50%	
	Feskraal 85 MT		50%	
	Folorodwe 79 MT		50%	
	Fripp 645 MS		50%	
	Gray 189 MT		50%	
	Hettey 93 MT		50%	
	Jeannette 77 MT		50%	
	Joffre 584 MS		50%	
	Kalkbult 709 MS		50%	
	Laura 115 MT		50%	
	Lukin 643 MS		50%	
	Magazasand 123 MT		50%	
	Malapchani 659 MS		50%	
	Mountainview 706 MS		50%	
	Mount Stuart 153 MT		50%	
	Nakab 184 MT		50%	
	Naus 178 MT		50%	
	Neltox 92 MT		50%	
	Phantom 640 MS		50%	
	Prince's Hill 704 MS		50%	
	Queensdale 707 MS		50%	
	Riet 182 MT		50%	
	Rochdale 700 MS		50%	
	Rynie 158 MT		50%	
	Salaita 188 MT		50%	
	Schuitdrift 179 MT		50%	
	Septimus 156 MT		50%	
	Stayt 183 MT		50%	
	Suzette 32 MT		50%	
	Tanga 648 MS		50%	
	Telema 190 MT		50%	

Project Name	Tenement Number	Location	Interest	Change in quarter
	Terblanche 155 MT		50%	
	Trevenna 119 MT		50%	
	The Duel 186 MT		50%	
	Truida 76 MT		50%	
	Van Deventer 641 MS		50%	
	Wendy 86 MT		50%	
	Wildgoose 577 MS		50%	
	Windhoek 649 MS		50%	
	Zisaan 31 MT		50%	
	Ziska 122 MT		50%	
	Portion of Unsurveyed state land		50%	

- * Form part of the Greater Soutpansberg Project
- Lapsed – Mining Right Application Lodged
- Valid – Mining Right Application Lodged
- ~ Tenement located in the Republic of South Africa
- ^ Tenement located in Western Australia