



ANNOUNCEMENT

23 October 2014

REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2014

Coal of Africa moves forward

Coal of Africa Limited ("CoAL" or "the Company") which operates in South Africa, together with its subsidiaries, hereby provides its operational report for the quarter ended 30 September 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 Features

- No lost-time injuries recorded during the quarter (FY2014 Q4: nil).
- Work continued on the applications to amend the Environmental Authorisation for the Vele Colliery to include the plant modifications and the Company is confident that the record of decision from the Department of Environmental Affairs will be received during the current quarter.
- Extensive work to amend and renew the Vele Colliery's IWUL to include the plant modifications resulted in the submission of the application during September 2014 and a decision is anticipated in H1 CY2015.
- Discussions with potential customers for the Vele Colliery coal continued and the Company expects to convert these into formal off-take agreements in CY2015.
- Sedgman continued with the Front End Engineering and Design ("FEED") process for the Vele Colliery plant modification, expected to be completed during Q4 CY2014.

Corporate and Financial Features

- Shareholder approval for a two stage equity placement raising up to \$64.9 million.
- Signature of a Sale and Purchase Agreement ("SPA") for the disposal of the non-core Mooiplaats Colliery subject to the purchaser's confirmation of funding, expected to be finalised by the end of October 2014.
- Agreement reached with Grindrod Corridor Management Proprietary Limited and Terminal de Carvão da Matola Limitada, settling current liabilities and covering all take or pay obligations until 31 December 2016 on the payment of \$10 million, \$6 million of which is payable on completion of the first stage of the equity placement.
- Discussions continued with potential funders to facilitate a BEE acquisition of up to 26% in the Makhado Project.

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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, Khomotso B. Mosehla, David J. K. Murray, Rudolph H. Torlage

- Discussions on the outstanding \$30 million payment to Rio Tinto liability continued during the quarter.
- Restructuring of rehabilitation guarantees resulted in the release of R27 million (\$2.4 million) of restricted cash.
- Available cash at period end of \$1.3 million and restricted cash of \$3.9 million.

Post period highlights

- Historic Biodiversity Offset Agreement for the Vele Colliery signed by the Company with the Department of Environmental Affairs and South African National Parks.
- Replacement rehabilitation guarantees lodged by the buyer of the Woestalleen Complex resulting in the release of approximately \$1.7 million, expected to occur during October 2014.

Commenting today, Mr David Brown, Chief Executive Officer said: “Progress made during the September 2014 quarter reflects the culmination of several initiatives undertaken by management while shareholder approval for the issue of additional equity records their continued support for the Company and its growth strategy. The proposed disposal of the Mooiplaats Colliery ensures that CoAL is positioned to focus on the development of its significant coking and thermal coal assets in the Limpopo Province. The Company anticipates receiving the final approvals for the capital raise during late October or early November 2014 and if not received in these timeframes, cash preservation measures will have to be implemented. In this scenario the forecast expenditure set out in the 5B report also issued today would have to be reviewed and an update provided. Proceeds from the capital raise and the income from the disposal of non-core assets will be used to repay the Investec working capital facility in accordance with its terms, settle all outstanding liabilities over time and advance the Company’s projects.

The remaining milestones in the Company’s turnaround strategy are the regulatory approvals for Makhado and the funding of that project’s BEE partners. The Company will continue to progress the regulatory process during the current quarter with a view that this will facilitate the granting of the NOMR for the project, the Company’s flagship hard coking and thermal coal asset. These processes will hopefully be concluded by the end of this calendar year permitting the commencement of funding initiatives for the project in Q1 CY2015.”

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 (FY2014 Q4: no LTIs).

During the quarter the Company signed a SPA with a wholly owned subsidiary of Blackspear Holdings Proprietary Limited (“Blackspear”) for the disposal of the Mooiplaats Colliery for R250 million (\$22.2 million).

On fulfilment of all conditions precedent, including the receipt of regulatory approvals consistent with a transaction of this nature, the consideration will be settled in two tranches:

- Tranche 1 of R150 million (\$13.3 million) expected to be received during Q1 CY2015; and
- Tranche 2 of R100 million (\$8.9 million) is payable on the earlier of 12 months from the payment of the first tranche or, 30 November 2015.

Blackspear is required to provide CoAL with evidence of funding on or before 31 October 2014 with guarantees supplied by 31 December 2014 and will commence monthly payments of R2.3 million (\$0.2 million) from November 2014. These monthly payments will increase to R4 million (\$0.4 million) from February 2015 and will continue until the conditions required for the first payment tranche are satisfied.

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

The Vele coking and thermal coal colliery (“Vele Colliery”) recorded no LTIs during the quarter (FY2014 Q4: no LTIs).

Sedgman South Africa (“Sedgman”) continued with the FEED process for the plant modification project which is expected to be completed during Q4 CY2014 and improvements to the existing plant will result in the simultaneous production of semi-soft coking coal and export quality thermal coal.

The Company has finalised the applications required to amend the colliery’s Environmental Authorisation (“EA”) to include the plant modifications and is confident that the record of decision from the Department of Environmental Affairs (“DEA”) will be received during Q4 CY2014. Extensive work to amend and renew the Vele’s Integrated Water Use Licence (“IWUL”) resulted in the submission of the application during September 2014 and the Company anticipates that approval will be received in 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 the approval of the amended EA and the granting of the IWUL renewal. Changes to the plant modification design have resulted in a shortened construction period which is expected to be complete by the end of CY2015 and the production ramp-up phase concluded in early CY2016.

Discussions with potential customers for the Vele Colliery coal continued during the quarter and the Company expects to convert these into formal off-take agreements during CY2015.

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

The Makhado coking coal project (“Makhado Project”) recorded no LTIs (FY2014 Q4: 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 and the Company is in 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 New Order Mining Right (“NOMR”).

Greater Soutpansberg Project (MbeuYashu) (74% owned)

The MbeuYashu Project recorded no LTIs (FY2014 Q4: no LTIs) during the period.

During the quarter the Company completed the public participation programmes in relation to the Environmental Impact Assessment phase for the Generaal, Chapudi and Mopane projects, all forming the Greater Soutpansberg Project.

Authorised by

David Brown

Chief Executive Officer

23 October 2014

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Investec Bank Limited is the nominated JSE Sponsor

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 /MbeuYashu, including CoAL’s Makhado Project (coking and thermal coal).

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