



Financial year-end 30 June 2014

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

Tuesday, 30 September 2014

www.coalofafrica.com



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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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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 mining development company

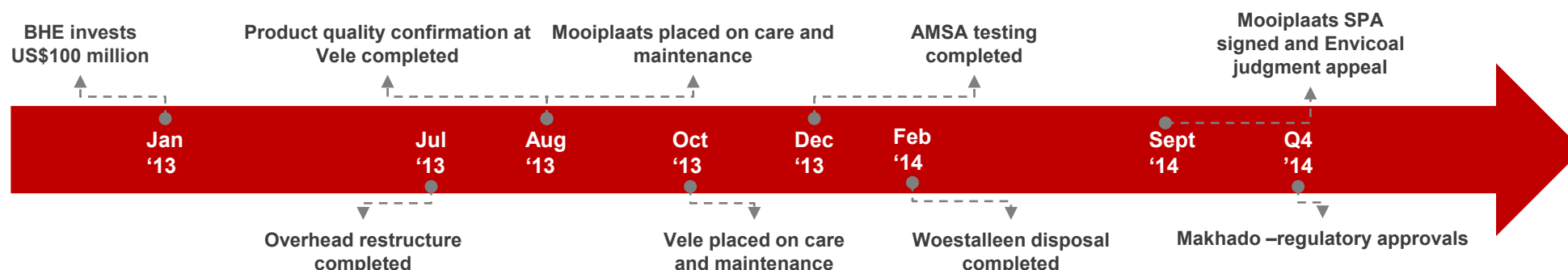
- Vision to responsibly produce 6.7 million tonnes of coal per annum
 - pipeline of high quality coking and thermal coal projects:
 - ▶ Vele, Makhado, Greater Soutpansberg
 - identification of strategic investors to develop Vele, Makhado
- Key risks
 - commodity cycle
 - South African regulatory uncertainty and timelines
 - funding timetable



Significant progress made on the turnaround strategy

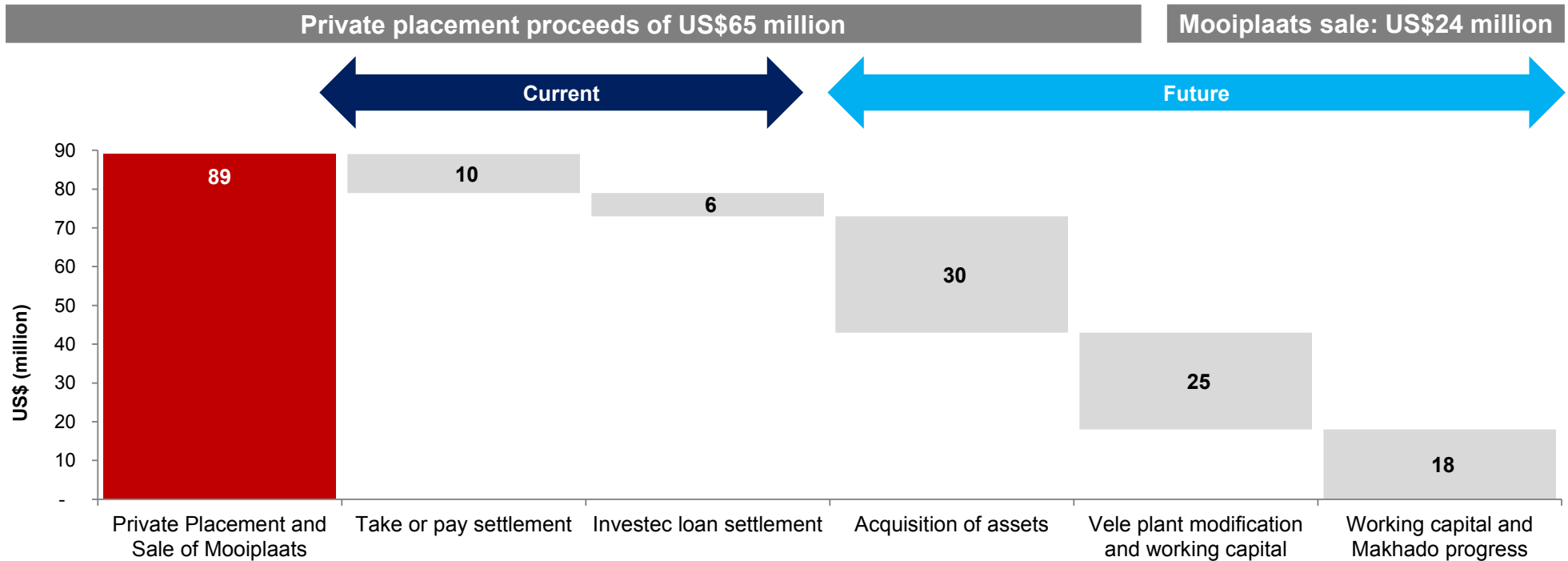


Significant progress made with the implementation of the communicated turnaround strategy



Five key priorities	Strategic cornerstone investor	<ul style="list-style-type: none"> BHE invests US\$100 million 	Completed
	Reduce cash consumption	Reduction in overhead structure across the group	Completed
		Loss making Mooiplaats placed on care and maintenance	Completed
		Loss making Vele placed on care and maintenance	Completed
		Conclusion on all significant legal matters– Envicoal judgement under appeal	Completed – Q3 2014
Vele product verification	Product quality confirmation at Vele	Completed	
	Arcelor Mittal South Africa (“AMSA”) and the South African electricity utility (“ESKOM”) testing successfully completed	Completed	
Sale of non-core assets	Woestalleen	Completed	
	Opgoedenhoop	Completed	
	Shares in Lemur	Completed	
	Holfontein	Completed	
	Mooiplaats – SPA signed	Completed – Q3 2014	
Makhado	Regulatory approvals	Q4 2014	
	Secure BEE funding	CY2015	

Proposed equity raise

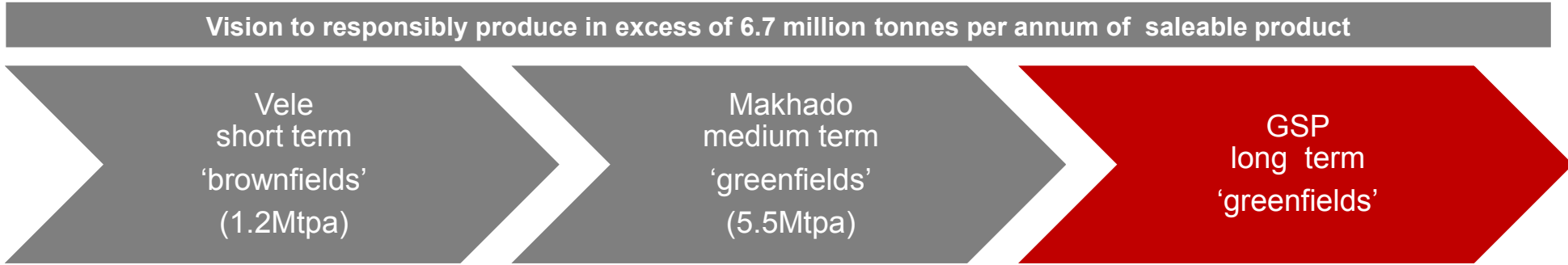


EGM

WORKING CAPITAL

- Equity raise approval by shareholders on the 25th of September 2014
- FIRB approval received for M&G and BHE
- First tranche payment expected 31/10/2014 – sole outstanding condition: PRC approval
- Second tranche payment expected 30/11/2014 –subject to TMM having obtained sufficient funds
- Execution of equity raise and Mooiplaats sale is forecast to fund the Company’s expected working capital requirements until Vele is in production

Project pipeline



Leverage existing Infrastructure	Existing rail infrastructure	<ul style="list-style-type: none"> ▪ Existing rail infrastructure has sufficient capacity and is in close proximity to the resources thereby reducing the potential capital expenditure and lead time to build, commission and achieve steady-state production – unlike the Waterberg ▪ Rail infrastructure and operations have proven track record as evidenced by the Vele operations
	Export ports	<ul style="list-style-type: none"> ▪ CoAL has access to port throughput capacity at the Matola Terminal in Maputo ▪ Proven track record of delivery of coal from Vele
	Road	<ul style="list-style-type: none"> ▪ All projects in close proximity to existing national road infrastructure to facilitate the road transport of coal to domestic customers
	Electricity	<ul style="list-style-type: none"> ▪ Both Vele and Makhado have access to and allocations of Eskom power

Opportunities:

Logistics	<ul style="list-style-type: none"> ▪ Transnet costs remain an impediment
Off take	<ul style="list-style-type: none"> ▪ Develop as a niche supplier particularly to customers in Limpopo

Operational review and project strategy: David Brown, Chief Executive Officer



Thermal coal: price history

❑ Pricing:

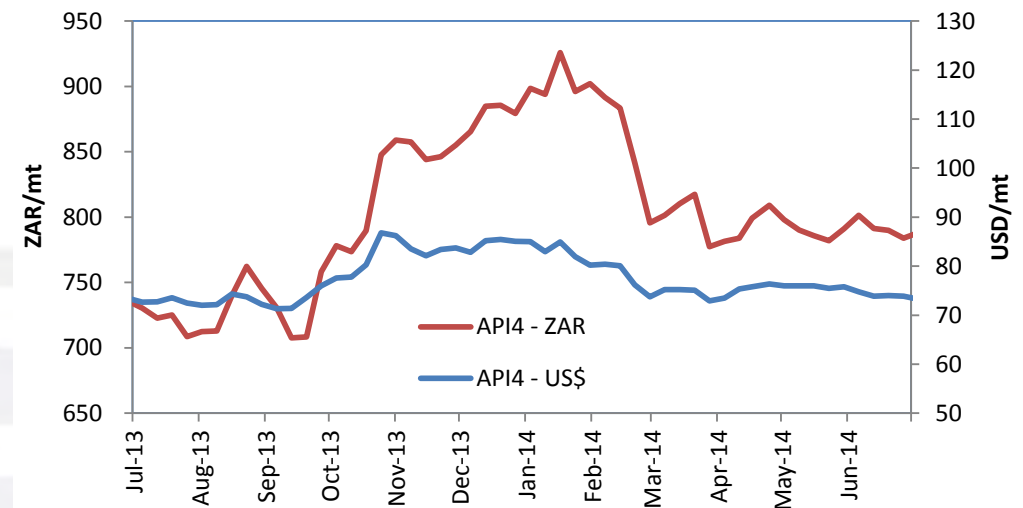
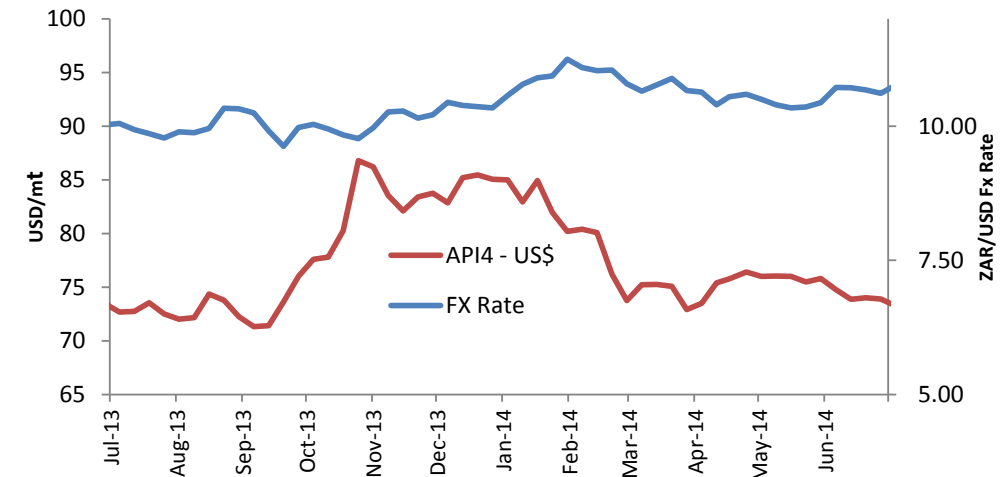
- Thermal coal indices (API 4) prices have declined over the financial year from a high of \$86.78/mt in late October 2013 to a low of \$73.88/mt in late June 2014. A decline of approximately 17.5%

❑ Currency:

- The South African Rand against the US Dollar fluctuated from 9.62 Rand/\$ at its strongest to 11.19 Rand/\$ at its weakest in the financial year. The Richards Bay price in Rand terms fell from 925.94 Rand/t to a low of 707.63 Rand/t during the financial year

❑ Demand and Supply Fundamentals:

- China remains heavily oversupplied
- India leading growth in the Pacific as coal-fired power fleet increases demand
- Estimation is that 85% of coal export volumes are being produced at or below marginal production costs



Price source: Argus Media

Metallurgical coal: price history

❑ Pricing:

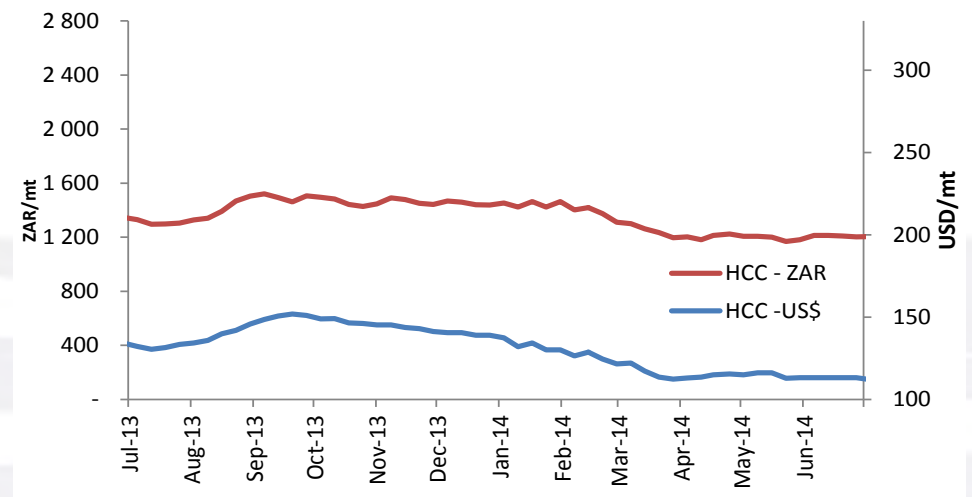
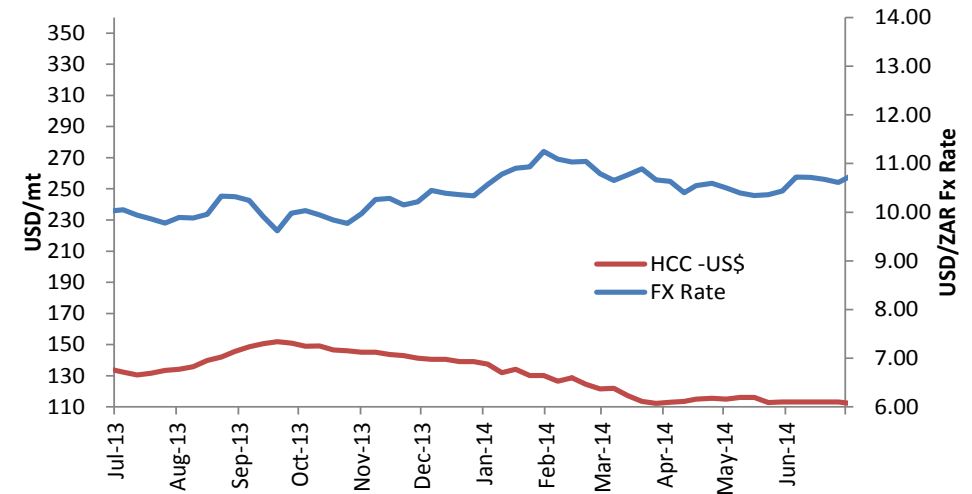
- Metallurgical coal prices very near the bottom of the downward cycle that commenced early 2011, from a high of \$151.89/Mt to a low of US\$112.25/Mt during the financial year. A decline of approximately 34%

❑ Currency:

- 30% of global coking coal production loss making at current spot prices of around US\$113/t

❑ Demand and Supply fundamentals:

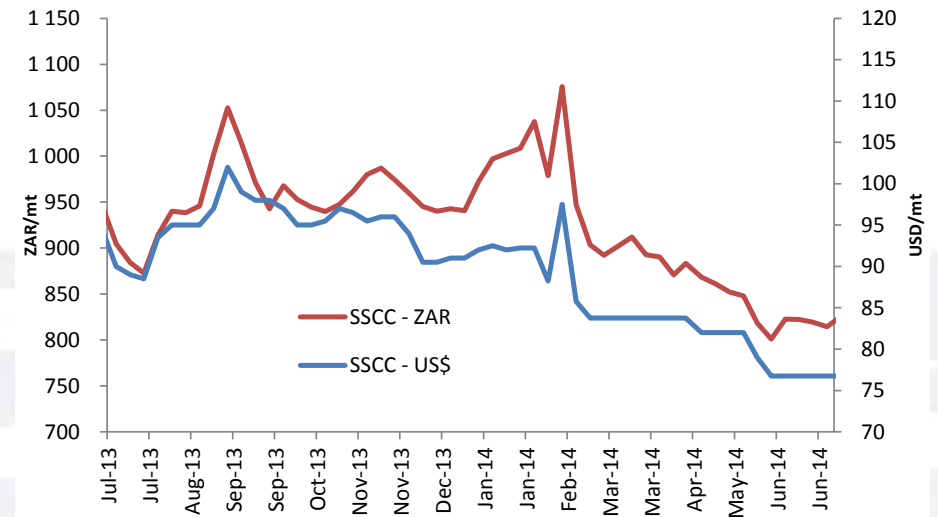
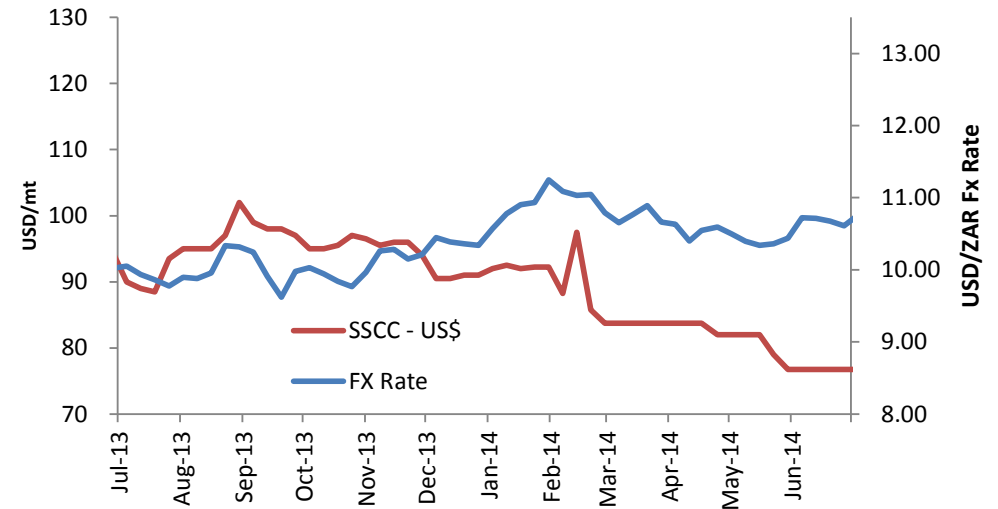
- China reporting about 70% of domestic producers currently making losses and unlikely to raise output it required
- Unlocking of new basins in Mozambique and Mongolia have proven challenging given their logistics challenges and capital intensity.



Price source: Argus Media

Semi-soft coking coal: price history

- Semi-soft coking coal prices have declined over the financial year from a high of \$102.00/Mt in early September 2013 to \$76.75/Mt at the end of June 2014. A decline of approximately 32.9%



Price source: Argus Media

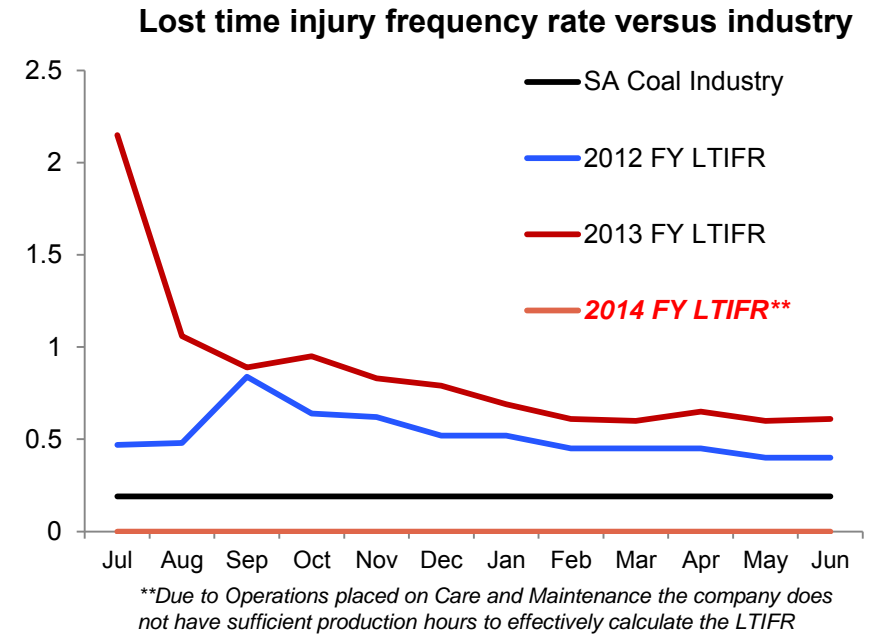
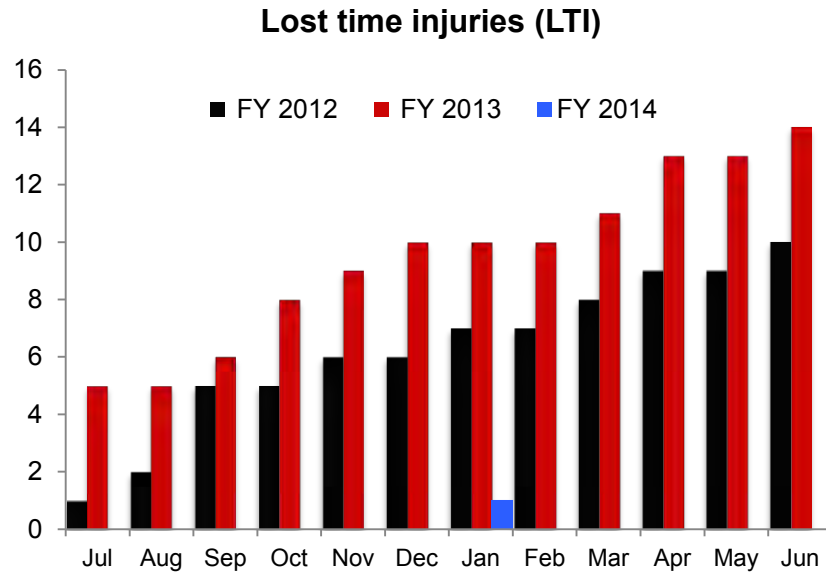
❑ Thermal coal

- China's market is expected to remain oversupplied. Coal demand from China is being hurt by weaker growth outlook, tightening credit and anti-pollution measures
- US exports look set for significant decline as traders unravel hedged positions
- The medium-term outlook for thermal coal remains subdued with demand remaining weak and ample supply available
- Markets are expected to make a slow and steady recovery rather than a quick turnaround.

❑ Metallurgical coal

- The level of current supply means a comfortably supplied market for foreseeable future(±24 months).
- The reduction of US and Canadian supply coupled with the cancellation of large infrastructure projects in Queensland will slow down supply growth.
- Hard Coking coal is only expected to move towards balance as supply growth lags demand growth in 2016.
- The Semi Soft coking coal market is expected to remain oversupplied through to 2017.

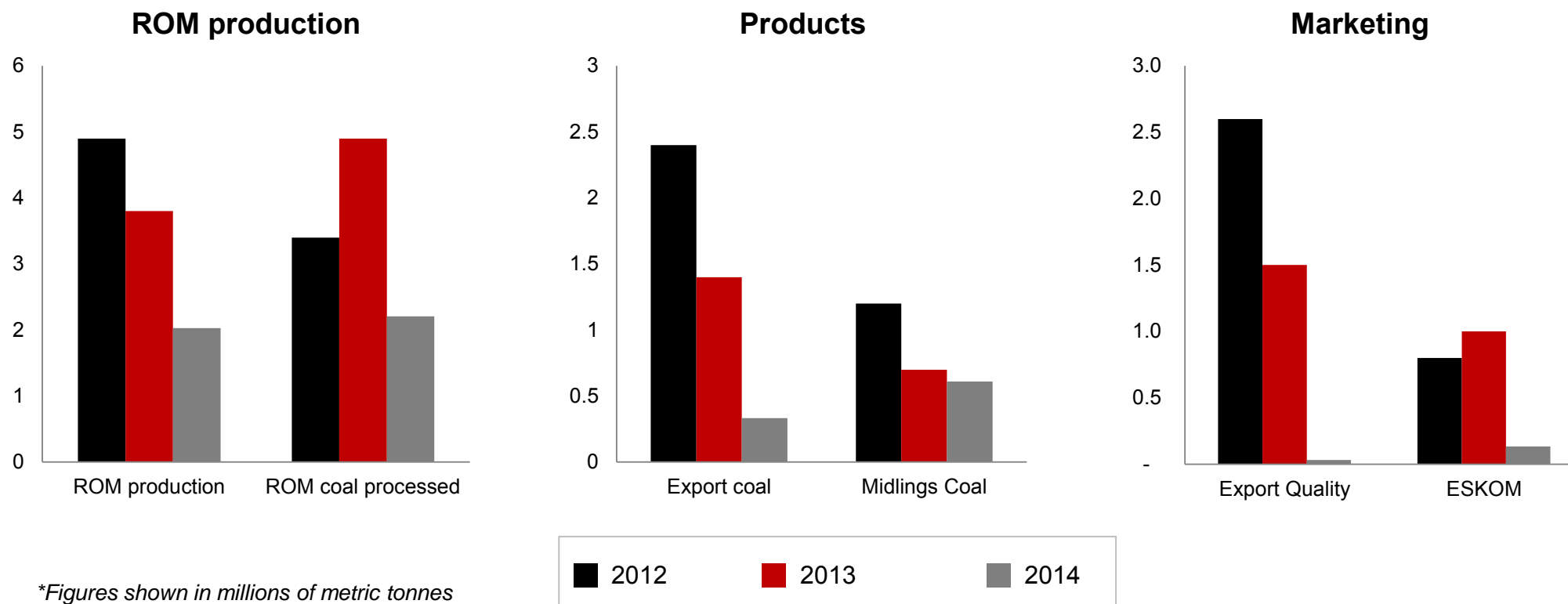
Continued focus on safety



- CoAL had one LTI in January 2014 at the (now disposed) Woestalleen Colliery during FY2014 (FY 2013: 14)
- Notable milestones achieved:
 - 4,000 FFPS* at Vuna
 - 5,346 FFPS* at Woestalleen
 - 3,469 FFPS* at Mooiplaats
 - 1,858 FFPS* at Vele

* FFPS: Fatality-free production shifts

Group operational performance summary



Decrease in ROM and Saleable Product Produced

- Non core assets placed on care and maintenance during the financial year
- Vele production suspended due to planned plant beneficiation
- Woestalleen reached end of life and only discard processed

Eskom vs Export Sales

- Mooiplaats producing Eskom only product
- Woestalleen produce Eskom product from discard as well as clearing of stockpiles

Substantial resources and reserves

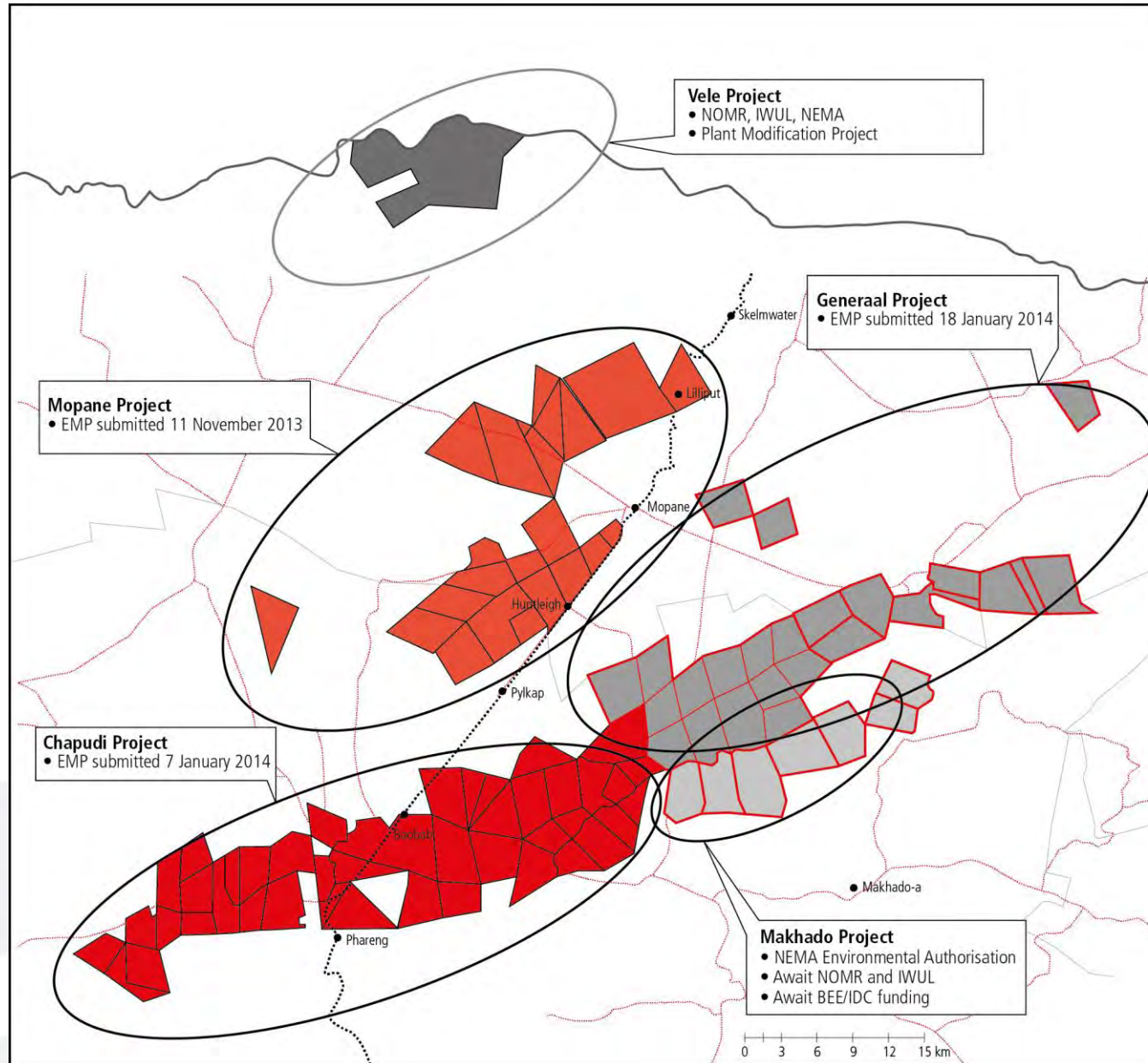


Abridged summary of JORC-compliant resources and reserve statement – 31 May 2012	JORC-compliant resources (measured, indicated and inferred) ^{1,2}			JORC-compliant reserves (proven and probable) ²	Strike length drilled to date (km)	Strike length to be drilled (km)
	Gross tonnes in situ (Mt)	Total tonnes in situ (Mt)	Mineable tonnes in situ (Mt)	Reserves (Mt)		
Project name (Coalfield)						
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)

Projects



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
- NPV of US\$ 120million and excess resource value greater than US\$200million
- Additional opencast resources in the west pit and potential for underground mining
- Simultaneous production of two products:
 - semi-soft coking coal
 - 5500 kcal/kg thermal coal
- LOI from AMSA regarding the semi-soft coking coal off take agreement, pricing to be agreed



Spiral plant



Thickener and product stockpile

Vele: short term ‘brownfields’, cont’d

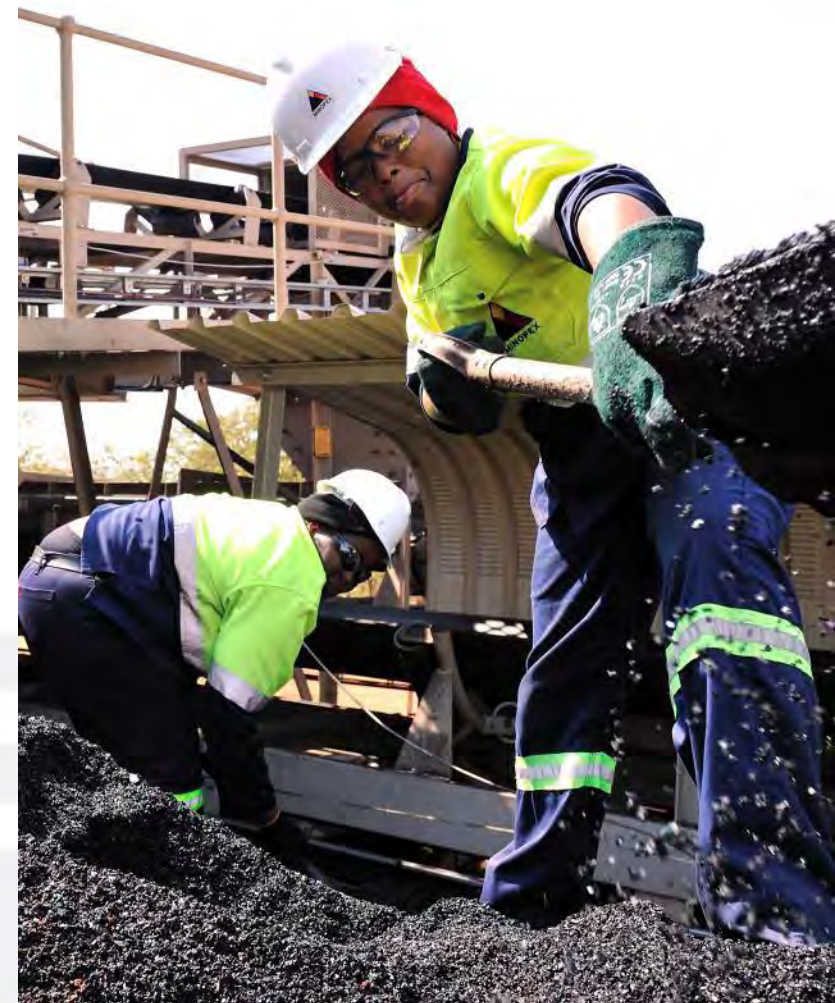
- Total estimated cost of Vele plant modification:
 - US\$25million (Final FEED process to confirm amount)

Planned plant modification requirements

- **Funding**
 - secured with equity raise
- **Off take**
 - AMSA LOI signed for semi-soft coking coal
- **FEED/EPC**
 - plant modification approved to facilitate the dual production of semi-soft and thermal coal
 - Sedgman finalising FEED
- **Regulatory**
 - renewal/amendment to water use license – application could take ± 8 months
 - prudent approach

Planned plant modification timelines

- Construction start CY Q3 2015
- Construction timeline reduced: six month construction, followed by a 3-month plant ramp-up



Vele Colliery: regulatory and compliance

Regulatory status of Vele Colliery in relation to plant modification project (PMP)

- National Environmental Management Act (NEMA)
 - amendment application submitted to the Department of Environmental Affairs (DEA)
 - comments received and submitted to DEA
 - authorisation expected in Q4 2014
- New order mining right (NOMR) application – MPRDA
 - fully compliant in respect of PMP
- IWULA – Department of Water Affairs (DWA)
 - submitted application for renewal of licence and amendment to align with PMP – expected CY2015



Makhado Project: medium term 'greenfields'

Project parameters

- Expected production of ~12.6 million ROM tonnes per annum
- 2.3Mtpa of hard coking coal and 3.2Mtpa of thermal coal
- LOM: 16 years
- Resource to be mined on an opencast basis with the potential for underground expansion
- Capital expenditure of R3.96 billion (US\$406.3 million), including contingency
- Non discounted peak funding of R4.2 billion (US\$432.8 million)
- The average forecasted on-mine operating costs are R865.00 (US\$88.71) per saleable hard coking coal tonne

Highlights

- Completed a Class II Definitive Feasibility Study (DFS) on flagship Makhado Project
- Discussions underway:
 - broad based black economic empowerment (BBBEE) groups, majority being local communities
 - strategic partners (from a funding and off take perspective)
 - potential debt financiers
- CoAL is working towards a funding structure which will include debt funding with CoAL retaining majority ownership and the incoming partner's contribution meeting CoAL's full equity requirement for the project
- Proposed ownership structure:
 - BEE shareholder: 26%
 - Strategic partner: 20-23%
 - CoAL: 51-54%
- Timeline:
 - CY2014 NOMR approval process and CY2015 finalisation of BBBEE funding process
 - planned commencement of construction in CY 2016
 - 26 months plant construction and mine development
 - Production to commence CY 2018/2019



Bulk sample pit on Tanga

Makhado Project: regulatory and compliance



- New order mining right (NOMR) application – MPRDA
 - MOA signed with communities on BEE to progress to final agreement
 - Mining right application being processed by Department of Mineral Resources (DMR) regional office
 - 6% BEE available for investors
- IWULA – Department of Water Affairs (DWA)
 - additional information supplied to DWA
 - IWULA to be issued upon granting of NOMR by DMR
- National environmental management act (NEMA)
 - authorisation received in August 2013



GSP: long term 'greenfields'



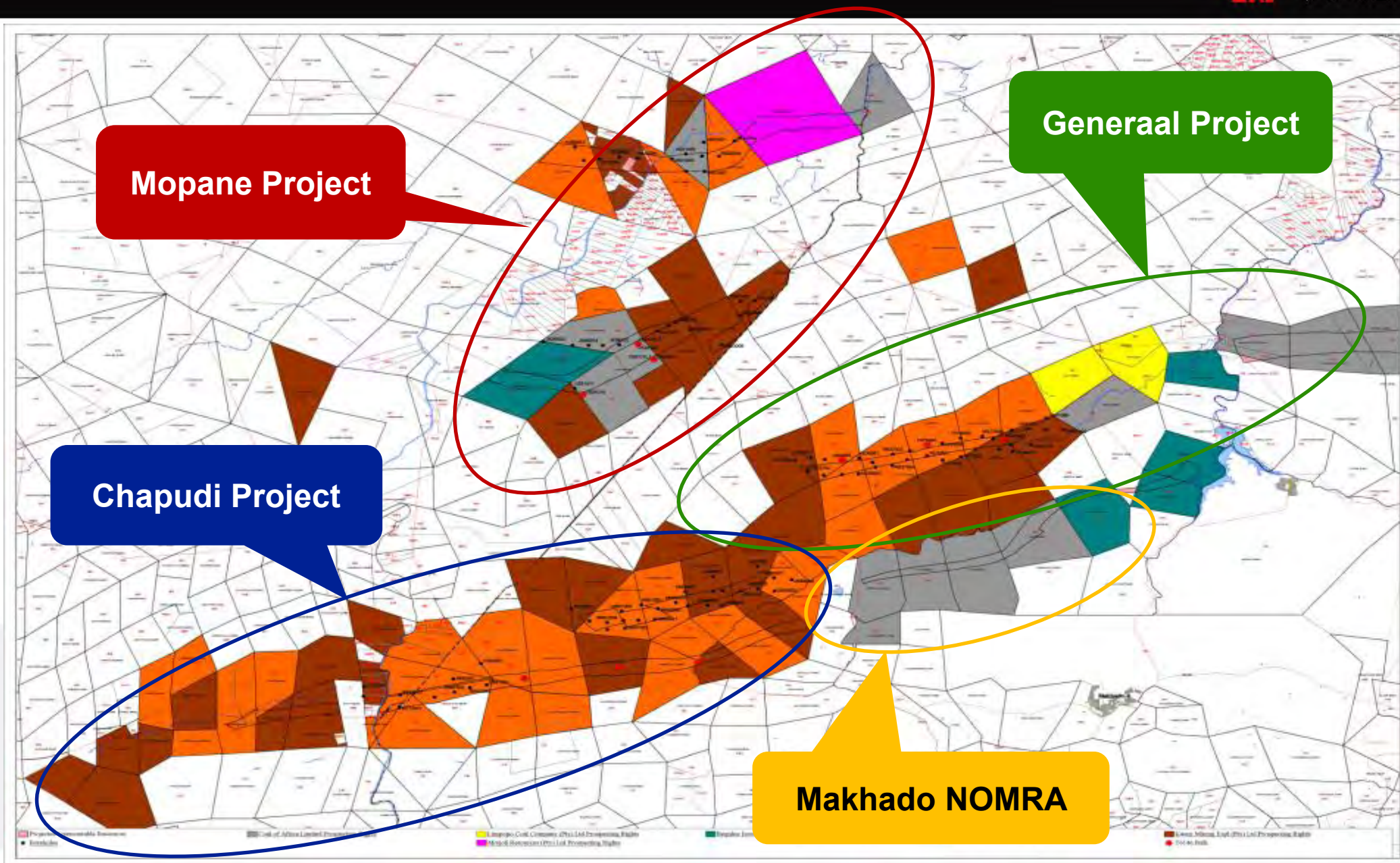
Highlights

- 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

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

Projects



Financial review: Michael Meeser, Chief Financial Officer



Cashflow FY2014



Cash used to settle the Deutsche and Investec derivative facilities off-set by Investec working capital facility and receipt of the proceeds from the sale of Nucoal

	2014 \$'000	2013 \$'000
Opening balance	29,938	19,523
Operational losses	(21,327)	(68,597)
Proceeds from the sale of NuCoal	7,714	-
Proceeds from the sale of Grindrod receivable	-	4,622
Development and exploration expenditure	(7,071)	(33,569)
Other investing activities	739	1,978
Net proceeds from share issue	-	142,348
Settlement of Deutsche facility	(12,246)	(21,693)
Settlement of tranche 1 to Rio Tinto for GSP acquisition	-	(13,399)
Settlement of Investec derivative facility	(2,061)	(1,609)
Proceeds from the Investec working capital facility	6,509	-
Other financing activities	(58)	(1,547)
Foreign exchange differences	(38)	1,881
Closing balance	2,099	29,938

Financial Performance FY2014



	2014 \$'000	2013 \$'000
Group loss for the year (continuing and discontinued operations)	84,120	148,137
Less: non-cash items (continuing and discontinued operations)	(53,394)	(106,589)
- Impairment	(14,933)	(48,545)
- Depreciation and amortisation	(2,176)	(28,809)
- Unrealised foreign exchange losses	(35,568)	(28,575)
- Share-based payments	(717)	(660)
Less: cash losses from discontinued operations	(5,641)	(7,554)
	25,085	33,994
Less: once-off items	(5,677)	(7,295)
'Cash loss' from continuing operations for the year	19,408	26,699

Financial Position FY2014

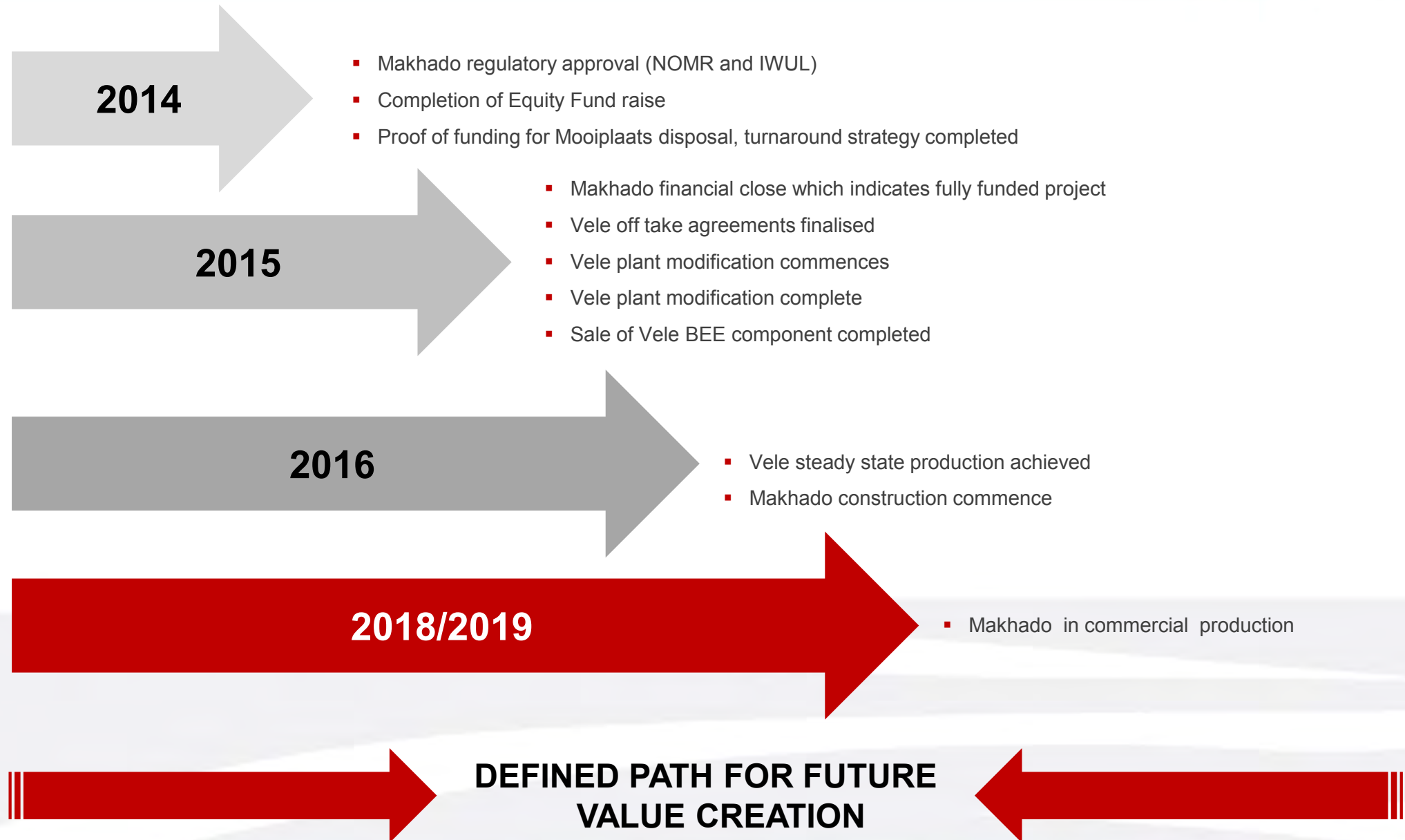


	2014 \$'000	2013 \$'000
ASSETS		
Non-current assets	316,311	327,630
Current assets	5,057	28,676
Assets held for sale	23,030	71,093
TOTAL ASSETS	344,398	427,399
LIABILITIES		
Non-current liabilities	4,643	34,903
- Deferred consideration	-	30,000
- Other	4,643	4,903
Current liabilities	55,285	14,857
- Deferred consideration	29,800	-
- Borrowings	6,372	2,088
- Short term provisions (FY2014 includes Envicoal \$2.1 million)	2,447	398
- Trade and other payables (FY2014 includes Grindrod \$10 million)	16,666	12,371
Liabilities associated with assets held for sale	4,150	35,171
TOTAL LIABILITIES	64,078	84,931
NET ASSETS	280,320	342,468
EQUITY	280,320	342,468

The way forward: David Brown, Chief Executive Officer



Key deliverables to unlock intrinsic value





Questions?

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