



ANNOUNCEMENT

23 April 2015

REPORT FOR THE QUARTER ENDED 31 MARCH 2015

Makhado Empowerment Structure Finalised

Coal of Africa Limited (“CoAL” or “the Company”) which operates in South Africa, together with its subsidiaries, hereby provides its update for the quarter ended 31 March 2015. 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 Q2: nil).
- Approval granted for the amended and updated Environmental Authorisation (“EA”) for the Vele Colliery to include the anticipated plant modifications while the application for the amendment and extension of the IWUL for the colliery is still pending following which the Company will make a decision on the timing of the start of the plant modifications.

Corporate and Financial Features

- Submission to the Department of Mineral Resources (“DMR”) after the conclusion of agreements with broad based black economic empowerment (“BBBEE”) partners to acquire up to 26 per cent of the Makhado Project.
- The Makhado BBBEE partners have two years to raise sufficient capital to acquire their interests in the project with the final amount payable subject to due diligence and will be negotiated with the Company. The transaction ensures that the Makhado Project complies with mining legislation in South Africa and is an important step in the process for the granting of a New Order Mining Right (“NOMR”).
- The liability owing to Rio Tinto was reduced during the quarter on the payment of \$1.0 million (FY2015 Q2: \$6.3 million) while discussions continued on the settlement of the remaining capital balance of \$22.5 million.
- Continued discussions with stakeholders including the communities and the Department of Mineral Resources in advancing the award of the Makhado Project 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 should be issued after the receipt of the NOMR.

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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

- Receipt of R1.5 million (\$0.13 million) for the sale of the Opgoedenhooop NOMR with the balance of R17.6 million (\$1.5 million) (including VAT) due by the end of H1 CY2015.
- Resignation of Michael Meeser as Chief Financial Officer and Executive Director during the quarter.
- Available cash at period end was \$13.5 million and restricted cash of \$2.1 million.

Post Period Event

- An appeal against the Vele Colliery amended and updated EA was lodged with the Department of Environmental Affairs (“DEA”) during April 2015.

Commenting today, Mr David Brown, Chief Executive Officer said: “The Makhado Project empowerment structure was formalised during the quarter and completes one of the last requirements for the granting of a mining right for the project. The structure results in communities residing in the vicinity of the project acquiring 20 per cent of the project with a further 6 per cent acquired by Historically Disadvantaged South Africans. The Company expects that the Makhado Project mining right will be granted during H1 CY2015, a critical step to unlock the significant value of CoAL’s flagship hard coking and thermal coal asset.”

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 Q2: no LTIs).

During Q1 FY2015 the Company signed an SPA with Blackspear Capital Proprietary Limited (“Blackspear”) for the disposal of the Mooiplaats Colliery for R250 million (\$20.7 million). Blackspear has until 30 April 2015, on a non-exclusive basis, to agree terms with a financial and operational partner to fund its acquisition of Mooiplaats. During the quarter the Company commenced discussions with other potential purchasers.

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

The Vele coking and thermal coal colliery (“Vele Colliery”) recorded no LTIs during the quarter (FY2015 Q2: no LTIs).

The Company’s applications to amend the colliery’s EA to include the plant modifications were approved by the DEA during the quarter. The Company previously submitted applications to amend and renew Vele’s IWUL and 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.

Makhado Coking Coal Project – Soutpansberg Coalfield (100% owned – 74% post BBEE transaction)

The Makhado coking coal project (“Makhado Project”) recorded no LTIs (FY2015 Q2: no LTIs) during the quarter.

South African mining legislation requires that mining and exploration projects have a minimum 26% black economic empowerment shareholding and CoAL previously signed a Memorandum of Agreement to enable seven local communities (the “Communities”) to acquire a 20% interest in the Makhado Project. During the quarter the Company signed acquisition agreements with the Makhado Colliery Community Development Trust (the “Trust”), an umbrella trust that will ensure communities are beneficiaries, and Yoright Investments (Pty) Ltd (“Yoright”) formed by black entrepreneur Mike Nkuna whose shareholders will include other Historically Disadvantaged South Africans. In terms of the acquisition agreements the Trust and Yoright have two years to raise sufficient funding to acquire their respective twenty per cent and six per cent interests in the project, with the final amount payable subject to due diligence and will be negotiated with the Company.

An interim court interdict was issued against the Makhado Project during Q2 FY2015 seeking to halt any mining or construction activity on the site. During the quarter the Company, as one of the respondents, continued preparation to have the interim interdict set aside and does not anticipate that this process will affect the timetable for the mine to commence commercial production during CY2019.

Greater Soutpansberg Project (MbeuYashu) (74% owned)

The MbeuYashu Project recorded no LTIs (FY2015 Q2: no LTIs) during the period.

Corporate Update

During H2 CY2014 CoAL received \$46 million on completion of the first two stages of the shareholder approved \$60 million equity placement process. The attached Appendix 5B excludes potential proceeds from stage 3 of the equity placement process which is still anticipated by the end of April 2015.

Authorised by

David Brown

Chief Executive Officer

23 April 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- Woodlands 701 MS-		74% 74%	
Kanowna West and Kalbara	M27/41 M27/47 M27/59 M27/72,27/73 M27/114 M27/181 M27/196 M27/414,27/415 P27/1826-1829 P27/1830-1842 P27/1887	Coolgardie^	23.68% 23.68% 23.68% 23.68% 21.31% 23.68% 23.68% 23.68% 23.68% 23.68%	
Abbotshall Royalty	ML63/409,410	Norseman^	Royalty	
Kookynie Royalty	ML40/061 ML40/135,136	Leonora^	Royalty 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 Lukin 643 MS Remaining Extent and Portion 1 of Overwinning 713 MS Salaita 188 MT Tanga 648 MS Remaining Extent, Portion 1 and Portion 2 of the farm Windhoek 649 MS	Limpopo~	100% 100% 100% 100% 100% 100%	
Generaal Project	Beck 568 MS-- Bekaf 650 MS- Remaining Extent & Portion 1 of Boas 642 MS- Chase 576 MS- Coen Britz 646 MS- Fanie 578 MS- Gray 189 MT Portions 1, 2 and Remaining Extent of Generaal 587 MS- Joffre 584 MS- Juliana 647 MS Kleinenberg 636 MS- Remaining Extent of Maseri Pan 520 MS- Remaining Extent and Portion 2 of Mount Stuart 153 MT-- Nakab 184 MT-- Phantom 640 MS-- Riet 182 MT-- Rissik 637 MS- Salaita 188 MS-	Limpopo~	74% 74% 74% 74% 74% 100% 74% 74% 74% 74% 74% 74% 100% 100% 74% 100% 100% 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