



ANNOUNCEMENT

27 July 2015

REPORT FOR THE QUARTER ENDED 30 JUNE 2015 Makhado Mining Right transforms CoAL

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 30 June 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 (“LTIs”) recorded during the quarter (FY2015 Q3: nil).
- The Department of Mineral Resources (“DMR”) granted the Company a New Order Mining Right (“NOMR”) for the Makhado hard coking and thermal coal project (“Makhado Project”) as well as Section 11 approval transferring the project from CoAL to its subsidiary Baobab Mining & Exploration (Pty) Ltd (“Baobab”).

Corporate and Financial Features

- Agreement reached for the liability owing to Rio Tinto with the balance to be paid in monthly instalments of at least \$100,000 plus interest and the obligation settled by June 2017. During the quarter the Company paid the interest accrued from May 2014 of \$1.2 million (FY2015 Q3: nil) and \$2.7 million (FY2015 Q3: \$1.0 million) in capital and the balance remaining at the end of the period was \$19.8 million.
- Continued engagements with the Department of Water Affairs to progress the application for the Makhado Project Integrated Water Use Licence (“IWUL”), expected to be granted in Q3 CY2015.
- During the quarter the Company issued 144 million shares at GBP0.55 each raising \$13.8 million completing the \$65 million (before charges and foreign currency movements) three stage shareholder approved equity raise process.
- Renegotiation of the Opgoedehoop NOMR sale with the R17.4 million (\$1.4 million) (including interest and VAT) owing to CoAL payable in monthly instalments of at least R0.25 million (\$0.02 million) with the balance due by the end of H1 CY2016.
- Appointment of De Wet Schutte as Chief Financial Officer and Executive Director during the quarter.
- Available cash at period end was \$17.8 million and restricted cash of \$1.3 million.

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

Commenting today, Mr David Brown, Chief Executive Officer said: “The granting of a mining right for CoAL’s flagship Makhado Project is an important milestone, given that the project has the potential to stimulate domestic industrialisation once it reaches full capacity. The Company can now move towards developing the colliery which has the capability to produce hard coking and thermal coal, thereby capitalising on its proximity to underutilised rail infrastructure.

With these significant developments we are getting closer to extracting value from this project. We continue to engage constructively with the Department of Water and Sanitation and anticipate that we will be granted an IWUL in due course. The process of identifying potential strategic partners to provide funding and technical expertise is on track. We expect to finalise this process and the necessary off-take agreements with prospective customers by the end of H1 CY2016.”

QUARTERLY COMMENTARY

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

The Makhado Project recorded no LTIs (FY2015 Q3: no LTIs) during the quarter.

During the quarter the DMR granted the Company a NOMR in terms of the Mineral and Petroleum Resources Development Act (Act 28 of 2002) as well as Section 11 approval to transfer the right from CoAL to Baobab, the company that will develop the colliery. Makhado’s 26 month construction phase is expected to begin in H2 CY2016 with a further four month ramp-up phase resulting in the production of 5.5 Mtpa of saleable product. Consultations with potential customers to secure off-take agreements for Makhado’s hard coking and thermal coal products and with potential project funders continued during the quarter.

An interim court interdict seeking to halt any mining or construction activity was issued against the Makhado Project during Q2 FY2015. As one of the respondents the Company is preparing to have the interim interdict set aside. CoAL does not anticipate that the process will affect the Makhado Project construction timetable.

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 LTIs during the period (FY2015 Q3: no LTIs).

During Q1 FY2015 the Company signed a Share Purchase Agreement (“SPA”) with Blackspear Capital Proprietary Limited (“Blackspear”) for the disposal of the Mooiplaats Colliery for R250 million (\$20.3 million). Blackspear was unable to agree terms with a financial and operational partner to fund its acquisition resulting in the SPA lapsing. The Company is continuing discussions with other potential purchasers including Blackspear.

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

The Vele coking and thermal coal colliery (“Vele Colliery”) recorded no LTIs during the quarter (FY2015 Q3: no LTIs).

The Company previously submitted applications to amend and renew Vele’s IWUL and expects these to be granted during H2 CY2015. CoAL does not anticipate any delays as a result of the appeal lodged against the colliery’s amended and updated EA. The current Vele Colliery IWUL is valid until March 2016 and the Company has delayed the commencement of the plant modification construction pending the approval of the amended IWUL and approved Water Use Licence for the planned stream diversions, as well as an assessment of global coal prices.

Greater Soutpansberg Project (MbeuYashu) (74% owned)

The MbeuYashu Project recorded no LTIs (FY2015 Q3: no LTIs) during the period.

Authorised by

David Brown

Chief Executive Officer

27 July 2015

For more information contact:

| | | | |
|----------------|-------------------------|------------------------------|------------------|
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Company advisors:

| | | | |
|------------------------------|-------------------------------|----------------------|---------------------------------------|
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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% | |
| | Hetty 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
- # CoAL's interest will reduce to 74% owned on completion of the Broad Based Economic Empowerment transaction