



**ANNOUNCEMENT**

**10 September 2015**

**FULL YEAR RESULTS FOR THE PERIOD ENDING JUNE 2015**

Coal of Africa Limited (“CoAL” or the “Company”) is pleased to provide its Annual Financial Statements for the year ended 30 June 2015. The full report is available on the Company’s website: [www.coalofafrica.com](http://www.coalofafrica.com).

**Highlights:**

- No fatalities (FY2014: none) and no lost time injuries recorded during the year (FY2014: one);
- Significant decrease in loss for the year of US\$6.7 million (2014: US\$84.1 million);
- No modification to Going Concern opinion for period ending June 2015, first since FY 2011; and
- Completion of the US\$65 million (before charges and foreign currency movements) shareholder approved three stage equity investment process.

**Makhado (“Makhado” or the “Project”):**

- In May 2015 the Department of Mineral Resources (“DMR”) granted the Company a New Order Mining Right (“NOMR”) for Makhado as well as Section 11 approval transferring the Project from CoAL to its subsidiary Baobab Mining (Pty) Ltd; and
- Continued engagements with the Department of Water Affairs (“DWA”) to progress the application for Makhado’s Integrated Water Use License (“IWUL”), expected to be granted in the second half of 2015.

**Vele Colliery (“Vele” or the “Colliery”):**

- Approval granted for the amended and updated Environmental Authorisation (“EA”) for Vele to include the anticipated plant modifications while the application for the amendment and extension of the IWUL for the colliery is anticipated to be granted in due course, following which the Company will make a decision on the timing of the start of the plant modifications;
- Historic Biodiversity Offset Agreement for the Colliery signed in October 2014 with the Department of Environmental Affairs (“DEA”) and South African National Parks; and
- Completion in December 2014 of the Front End Engineering and Design (“FEED”) process for the Colliery plant by independent consultants, Sedgman.

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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

**General:**

- Restructuring of rehabilitation guarantees resulted in the release of US\$4.7 million of restricted cash;
- Conclusion of agreements in March 2015 with BBBEE partners to acquire up to 26 per cent of Makhado. The 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;
- Agreement reached for the US\$19.8 million liability (FY2014: US\$29.8 million) owing to Rio Tinto with the balance to be paid in monthly instalments of at least US\$100,000 plus interest and the obligation settled by June 2017. During the year the Company paid capital of US\$10 million (FY2014: US\$0.2 million) and accrued interest of US\$1.6 million (FY2014: nil);
- Payment of US\$10 million to Grindrod Corridor Management Proprietary Limited and Terminal de Carvão da Matola Limitada in late 2014, 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;
- Settlement of the Investec Bank Limited working capital facility in November 2014 on the payment of US\$5.9 million;
- Settlement of Envicoal Litigation matter; and
- Appointment of De Wet Schutte as Chief Financial Officer and Executive Director of the Company.

**Future developments**

The NOMR for Makhado was granted in May 2015 as well as section 11 approval for the transfer of the Project to CoAL's 74 per cent owned subsidiary, Baobab Mining. The Company completed a Definitive Feasibility Study ("DFS") for Makhado during FY2013 which indicated that the Project has 344.8 million mineable tonnes in situ and a 16 year life of mine. CoAL has regular interactions with the DWA and expects that the IWUL for Makhado will be granted in the second half of 2015 with the 26 month construction phase due to commence in the second half of 2016, post receipt of the IWUL. The opencast project is expected to produce 12.6 million tonnes per annum ("Mtpa") of run of mine ("ROM") coal yielding 2.3Mtpa of hard coking coal and 3.2Mtpa of thermal coal for domestic and export markets.

The Company also completed the FEED process for Vele. Once constructed, the Colliery will be able to produce multiple products simultaneously. The amended EA for the Colliery was granted during FY2015 and the Company anticipates that the application for an amendment and extension of the Vele's IWUL will be granted in due course. The Colliery's current IWUL expires in March 2016. In addition the Company has applied for additional permissions relating to a diversion to a non-perennial stream and following the granting,

CoAL will make a decision on the commencement of the plant modifications taking cognisance of prevailing market conditions into account. This is expected to take place towards the end of June 2016.

The exploration and development of CoAL's prospects in the Soutpansberg coalfield are the catalyst for the long-term growth of the Company. The DMR has accepted the Company's NOMR applications for the Mopane, Generaal and Chapudi projects, all forming part of the MbeuYashu Project.

## Financial review

No revenue was generated during the year as result of all operations on care and maintenance (FY: 2014 US\$3.3 million generated by Mooiplaats).

Non-cash charges of US\$7.5 million (FY2014: US\$54.3 million) including:

- No impairment recorded during the year (FY2014: US\$14.9 million on Mooiplaats);
- Depreciation and amortisation of US\$1.4 million (FY2014: US\$2.2 million);
- Unrealised foreign exchange gain of US\$18.9 million (FY2014: US\$36.4 million loss) as a result of the South African rand weakening against the US dollar; and
- Share based payment expense of US\$3.1 million (FY2014: US\$0.7 million).

Total unrestricted cash balances at year-end, including cash held by operations available for sale of US\$17.8 million (FY2014: US\$2.1 million).

## Chief Executive Officer, David Brown, commented:

*"The financial results for the year ended 30 June 2015 reflect the success of the turn-around-strategy that was necessary for CoAL to be able to continue its significant progress within the current prevailing market conditions. The Company has resolved legacy issues, strengthened its balance sheet and made positive progress with respect to its flagship asset, the Makhado hard coking and thermal coal project. The next financial year will demonstrate the continued execution of the Company's strategy with the focus on securing project financing for Makhado."*

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### For more information contact:

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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).

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