



COAL of AFRICA LIMITED

VALUE PROFILE

CREATING SUSTAINABLE VALUE THROUGH MINING FOR ALL STAKEHOLDERS

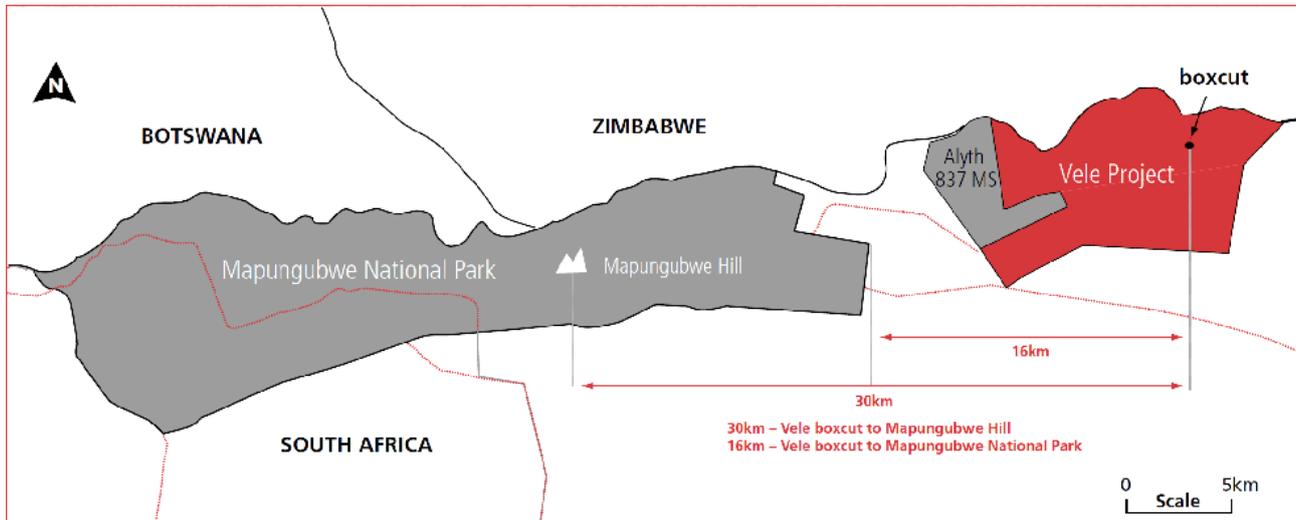
COAL OF AFRICA'S PROJECTS



= MINING • ENVIRONMENT • AGRICULTURE • HERITAGE

VELE COLLIERY

CoAL // VELE COLLIERY



2

Upon obtaining full regulatory approval for operations, Vele Colliery commenced production with opencast mining in the East Pit in January 2012. Due to a combination of typical ramp up challenges, the global economic downturn, and the plant's ability to produce only thermal coal, Vele Colliery was unable to produce the five million tons product originally estimated in the approved Environmental Management Plan.

The company implemented a repositioning strategy relating to Vele, requiring testing and a review of the product quality at the Colliery. In August 2013, LCC presented a proposal to the CoAL board of directors to expand and modify the current plant to enable greater beneficiation opportunities for the plant and the operation, which was approved. This modification will address the historical operational inefficiencies and will improve the operational and financial performance of the mine.

The Colliery was placed under care and maintenance in preparation for the regulatory approvals and construction of the Plant Modification Project (PMP) as well as an assessment of forecast global coal prices.

Regulatory approvals for the expansion and on-going operations of Vele are currently being sought, with the Amendment to the Environmental Authorisation granted in January 2015.

Vele's Integrated Water Use Licence (IWUL) was amended and extended in January 2016 by the Department of Water and Sanitation. The company is now seeking seeking approval.



al for a non-perennial stream diversion in respect of in respect of NEMA and NWA. In line with CoAL's motto of 'Doing things right first time', CoAL will await all regulatory approvals before the final decision to proceed with the plant construction will be placed before the board CoAL board.



LOCATION

Vele Colliery is approximately 48km northwest of Musina, in the magisterial district of Vhembe within the province of Limpopo. The Colliery is bounded in the north by the Limpopo River (which defines the international border with Zimbabwe) and in the west by Mapungubwe, approximately 5km distant. The Mapungubwe World Heritage Site (Mapungubwe Hill) is situated approximately 20km to the west of the westernmost boundary of the Vele project area.



VELE COLLIERY



COAL RESOURCE

Vele Colliery falls within the Limpopo Coalfield which forms part of the greater Tuli Coalfield. The Colliery's coal resource allows for a Life of Mine of over 50 years of opencast and underground mining opportunities, producing a primary product of semi-soft coking coal and thermal coal as a secondary product for the domestic market. The anticipated coal production is between 1.2mtpa and 1.5mtpa of the coal product specification.

The Colliery has 362.5 million mineable tons in situ of shallow dip coal as classified under Joint Ore Reserves Committee to be mined opencast for an 16 years, and thereafter by a combination of opencast and underground mining. The initial mine plan was based on mining 42.4 million tonnes (Mt) from the central and northern pits over a 16-year period, producing 16.5Mt of saleable product.

RESOURCE AND RESERVES

Abridged summary of JORC compliant resource & reserve statement - 30 June 2016	JORC compliant resources			JORC compliant reserves
	(measured, indicated and inferred)			(proven and probable)
Project Name (Coalfield)	GTIS (Mt)	TTIS (Mt)	MTIS (Mt)	Reserves (Mt)
Vele (Limpopo)	793.952	671.3213	61.568	325.178





REGULATORY STATUS

Authorisation	Issuing Authority	Purpose	Duration	Status
Environmental authorisation	DEA	Environmental authorisation to undertake mining activities	Life of mine	Received 16 January 2015 Appeal dismissed June 2016 - VMRSF seeking high court review
New Order Mining Right (NOMR)	DMR	Authorisation to mine resources in accordance with an approved mine plan	30 Years	Fully compliant in respect of PMP
Integrated Water Use Licence	DWS	Water use limits for construction and mining activities	20 Years	Received January 2016 Started process for non perennial stream diversion - expected H2 CY2016

New Order Mining Right (NOMR)

The extent of the mining right area is 8 663 hectares. The Colliery is owned by Limpopo Coal Company (LCC), a wholly-owned subsidiary of Coal of Africa Limited (CoAL) and was granted its New Order Mining Right on 19 March 2010.

The Colliery is fully compliant in respect of the National Management Environmental Act, with the granting of Section 24G Environmental Authorisation in July and October 2011. Vele's Integrated Water Use Licence and amended licence was granted by the Department of Water Affairs in October 2011, ensuring the Colliery's compliance with the National Water Act.

VELE COLLIERY

Monitoring and Compliance

Vele Colliery has effective well-entrenched monitoring procedures and systems. Regular inspections and audit are conducted by an independent environmental consulting firm. This includes the complete suite of environmental monitoring requirements in respect of water, dust, vegetation, soil and heritage resources in compliance with the Environmental Authorisation (EA) and Integrated Water Use Licence (IWUL).



6



INFRASTRUCTURE

Electricity

Vele's electricity supply is secured from Eskom.

Water

As Vele Colliery is situated within a sensitive area, in very close proximity to the Limpopo River, which is an international river, CoAL has ensured that in all cases the most appropriate and cost-effective environmental practices are, and will continue to be, used to mitigate the potential impact.

Vele Colliery operates a closed water system, with zero water discharged into the natural environment. Water is recycled to conserve the natural resource.

Road and Rail

Coal produced by the processing plant is transported by road to the R572 linking Musina to Alldays, along a 55km tarred road, to the Musina rail siding. The siding provides good access to under-utilised existing rail and port infrastructure enabling Vele to supply to both domestic and international markets.



CoAL's Co-Existence Model Implemented at **Vele Colliery**



Ms Judy Beaumont (DEA), Mr David Brown (CoAL) and Mr Kuseni Dlamini (SANParks) joining hands after the signing the agreement

On 1 September 2011, the Department of Environmental Affairs, South African National Parks and CoAL signed a Memorandum of Agreement (MoA) to protect and maintain the integrity of the Outstanding Universal Value (OuV*) of the Mapungubwe Cultural Landscape near CoAL's Vele Colliery in Limpopo.

The MoA committed the three parties to "ensuring that the negative impacts of development are avoided, minimised or remedied in pursuit of sustainable development". In addition, the parties agreed to promote alliances in the management of natural and cultural resources, as well as collaborate in the formulation of Biodiversity Offset programmes which would ensure continued access to financial resources and achieve greater conservation value within the Mapungubwe World Heritage Site.

In fulfilment of the MoA, the parties signed an historic Biodiversity Offset Agreement (BoA) in October 2014 for R55 million over the life of the mine. The agreement seeks to strengthen co-operation between the three parties, and maintain the integrity of the Ma-

VELE COLLIERY

pungubwe Cultural Landscape towards the conservation and sustainable development of the Mapungubwe Cultural Landscape World Heritage Site.

The agreement recognises the need to balance the importance of the rich cultural history of the Mapungubwe Cultural Landscape, along with the potential of the mineral-rich area to drive meaningful socio-economic change. The BoA acknowledges that biodiversity off-sets, and the management thereof, are a living process. The four thematic areas of focus are:

- Land acquisition
- Biodiversity conservation
- Cultural heritage management
- Tourism development

A project steering committee has been established to manage and implement the BoA, to which three representatives from each organisation have been appointed.

8



Mr David Brown addresses guests at the signing ceremony



Stakeholder Engagement

In compliance with Vele's Environmental Authorisation, an Environmental Management Committee (EMC) was established in 2012 as an oversight committee to monitor the compliance of Vele Colliery in respect of its EA and IWUL, and to promote improved environmental compliance. A full-time independent Environmental Officer monitors the Environmental Management Plan on site. The EMC is independently chaired, and meets quarterly.

Its guiding principles are those of transparent and inclusive engagement, with the sharing of at times, sensitive information, respectful interaction with robust debate and amicable resolution leading to continuous improving and benchmarking.

Its membership is comprised of representatives from the following organisations:

- CoAL
- Department of Environmental Affairs
- Department of Water and Sanitation
- Department of Mineral Resources
- Limpopo Department of Economic Development, Environment and Tourism
- South African National Parks
- Mapungubwe World Heritage Site
- Department of Agriculture
- Department of Forestry and Fisheries
- South African Heritage Agency
- Limpopo Heritage Agency
- Save Mapungubwe Coalition
- Weipi Farmers Association

Vele Colliery provides the funding for the logistics and administrative costs of the EMC.



EMC Members inspecting the Vele Nursery in February 2015

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Outlook for the next 12 months

- Progressing the applications for regulatory approvals for non perennial stream diversion. Approvals expected H2 CY2016
- Once all regulatory approvals have been granted the board will review project parameters, coal prices and market conditions and conclude on the timeline of commencement of plant modification(if required)
- The company is also exploring the potential of a domestic supply model to enhance returns – through supply to local industrial initiatives
- Recent formation of Special Economic Zone near the resource is an encouraging development in the 3-5 year time frame
- Additional coal fired power stations required in Round 2 of the Department of Energy's IPP process– location closer to the Thuli Coal fields appear to make good long term strategic sense

10

Social and Labour Plan

Vele's Social and Labour Plan (SLP) is seen as a key driver to for socio economic transformation, as it seeks to create jobs, enable SMME and enterprise development, and create meaningful and sustainable economic opportunities outside of the mining operation.

The Vele SLP has been developed through extensive engagement with communities and local authorities, and is implemented in partnership with relevant authorities, resulting in a direct positive impact for communities.

The areas of focus are:

- Education and Skills Development
- Enterprise Development
- Infrastructure Development

June 2015 marked the completion of Vele Colliery's first 5 year SLP. During the 5 years, the CoAL Bursary Fund produced 35 graduates in the fields of Engineering, Finance, Geology and Environmental Sciences, at a cost of over R11 million.

The Colliery adopted the Musina Agricultural Youth Project, investing R1million to electrify the buildings, purchase a tractor and farming implements, upgrade the irrigation and packing shed, and training members of the co-operative. A cooling container was also donated.

In line with its focus on education, the Colliery adopted Renaissance Secondary School as part of its Whole School Transformation Project. Through an investment of R6.5 million, two four classroom blocks were constructed, the school electrified, fencing installed, and 24 hour security provided. Both learner and teaching material was provided.



Infrastructure - Sidewalk Pavement Project

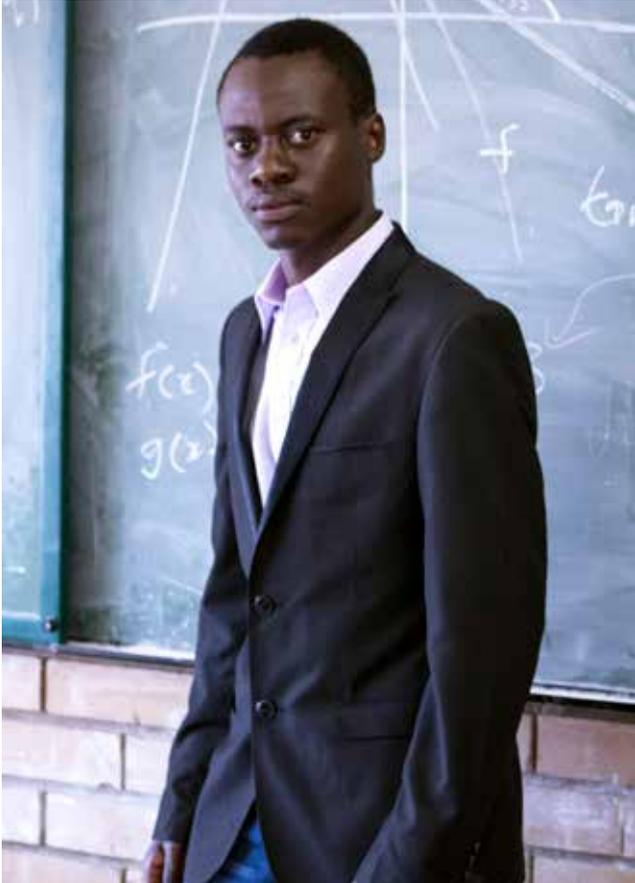
In line with the Musina Municipality's Integrated Development Plan, the Elias Ramotivhele Street was highlighted as the road in serious need for sidewalks. The busy residential road had no sidewalks, which led to a rise in accidents involving pedestrians, some even fatal.

In November 2015, a sod turning ceremony was held to kick off the sidewalk paving project, the primary focus being to employ, train and upskill local labour.

Fifteen people from the community were identified who could be trained by the School of Paving with the intent to create a co-operative on completion of their training programme. This R4 million programme also upgraded the entrance of the stadium, installed bus stops and employed a total of 35 people.



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*Mr Elelwani Rangu
Graduated with a B.Tech Metallurgy (University of Johannesburg) in 2013*



*Ms Kodani Luvhengo, Mine Accountant at CoAL
Graduated with B.Acc (University of Johannesburg) in 2012*

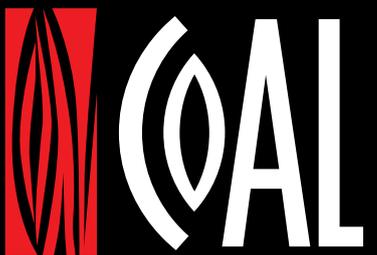
Vele Bursary Fund

Launched in 2009, the VBF has produced 41 graduates from the Vhembe District in the following fields, amongst others:

- Mining Engineering
- Metallurgical Engineering
- Chemical Engineering
- Geology
- Accounting

There are currently 7 students on the fund.

The programme was created to address the critical skills shortage in the municipality and province. The programme seeks to ensure that the area would begin to develop a calibre of technical skills which would address this shortage, by supporting promising students in science and engineering.



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