



CREATING SUSTAINABLE VALUE THROUGH THE
EXECUTION OF STRATEGIC OBJECTIVES

INTRODUCTION

COAL OF AFRICA LIMITED (COAL) IS A SOUTH AFRICAN EMERGING DEVELOPER OF HIGH-QUALITY HARD COKING AND THERMAL COAL, OPERATING PRIMARILY IN THE LIMPOPO PROVINCE.



CoAL's vision is to be a premier hard coking coal producer in South Africa.

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Environmental best practice, incorporating regulatory compliance, is a top priority at CoAL, as encapsulated in our operating philosophy of "Doing it right first time".

This approach has given rise to CoAL's Coexistent Model, a symbiotic model which seeks to marry the sometimes divergent interests of mining development, agriculture, environment and heritage. The company is acutely aware of the imperative to balance the socio-economic potential of mining development with the potential impact it may have on the natural and heritage resources. This is accomplished through building enduring relationships and strengthened co-operation between all stakeholders of CoAL, including government and communities.

In October 2014, CoAL signed an historic Biodiversity Offset Agreement in relation to its Vele Colliery with the Department of Environmental Affairs and the South African National Parks. The Agreement seeks to protect the integrity of Limpopo's Mapungubwe Cultural Landscape, within which the Mapungubwe World Heritage Site is located, by setting a new benchmark in the South African mining industry for co-existence between mining, agriculture and heritage.



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MINING



ENVIRONMENT



AGRICULTURE



HERITAGE



CoAL // OUR INTRODUCTION

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Mr David Brown (CoAL), Mr Kuseni Dlamini (SANParks) and Ms Judy Beaumont (DEA) signing the Bio Diversity Offset agreement in Pretoria in October 2014, as Mr. Charles Sekoati, MEC for the Limpopo Department of Economic Development, Environment and Tourism (LEDET) looks on.

The signatories to the agreement shared the following sentiments at the launch

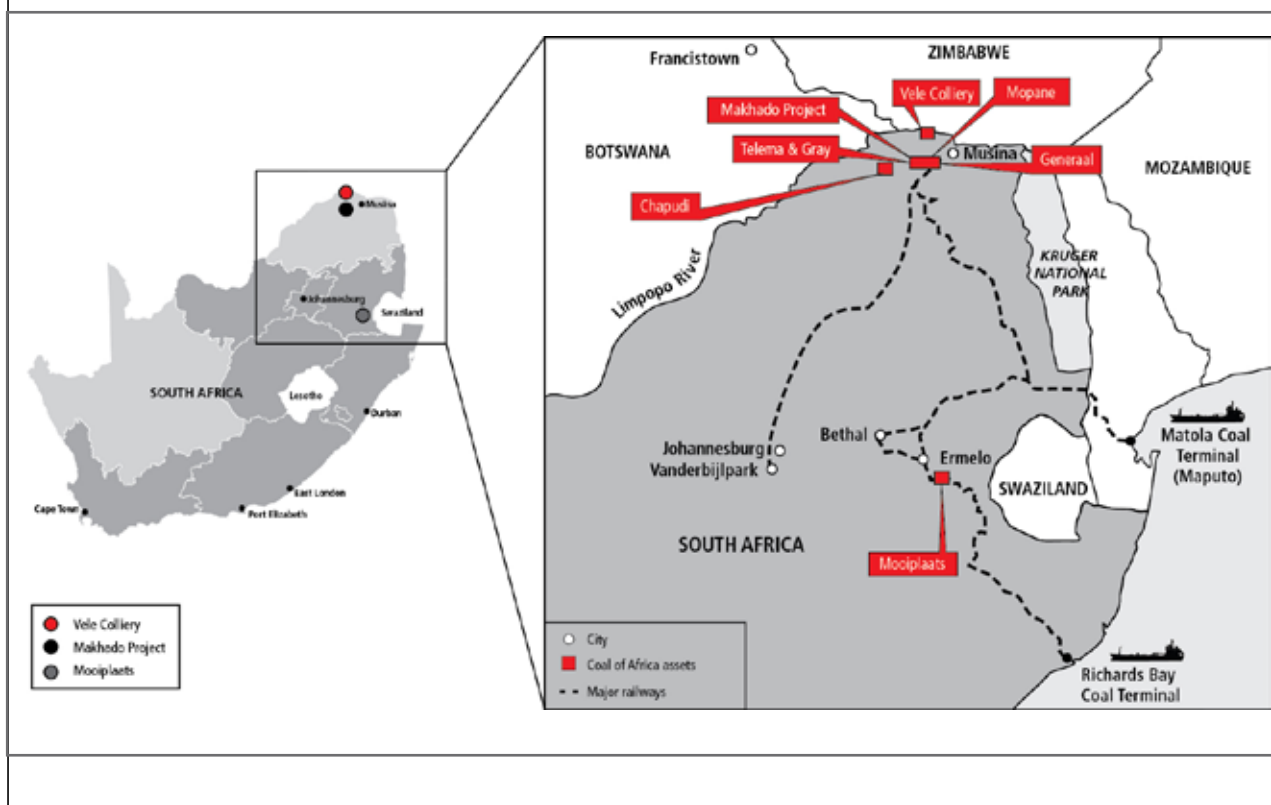
The Acting Director General of Environmental Affairs, Ms Judy Beaumont, said: "We have indeed reached a momentous stage in our country's development, where sectors originally perceived to have competing mandates, have realised the common vision of growth and prosperity for our country, and are beginning to walk this path towards sustainability together."

"There are those who have insisted on seeing conservation as being opposed to development and job creation, but this is certainly not the case. SANParks has long held the view that our national parks should serve as catalysts for local economic development, particularly in some of the more isolated rural areas where opportunities are limited," said Mr Kuseni Dlamini, then Chairperson of South Africa National Parks (SanParks)

The CEO of CoAL, Mr David Brown, said: "It was a complex journey as we sought to marry the interests of environment, heritage and development. The signature of this agreement bears testimony to the commitment of the representatives of our respective organisations. We believe that Vele Colliery has set a new benchmark for co-existence between mining, heritage and agriculture."



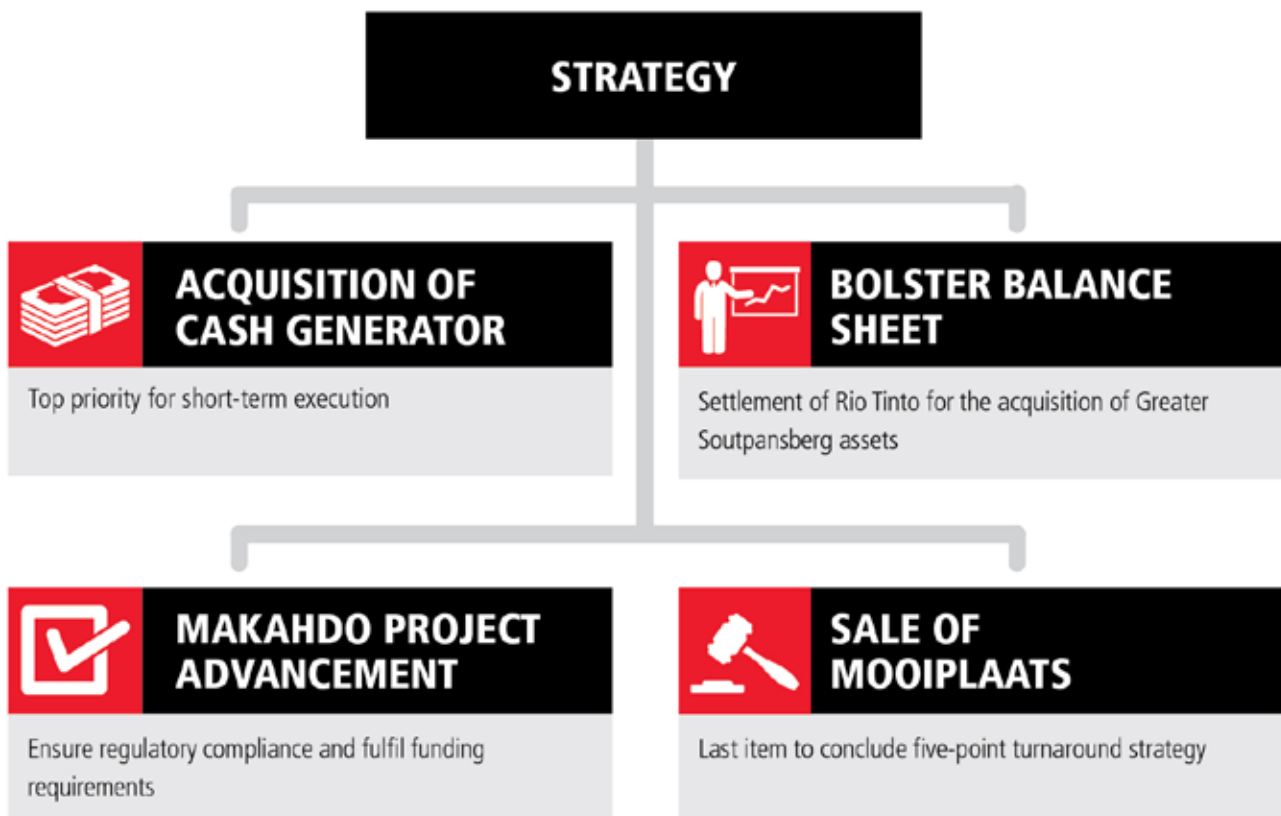
COAL PROJECT LOCATION



STRATEGY



CoAL previously launched a five-point turnaround strategy to position the company to take advantage of its significant resource base available for exploration.



STRATEGY

CoAL continues to execute against its 5 point turnaround strategy with noteworthy progress made to achieve the company's vision to be a premier hard coking coal producer in South Africa. In pursuit of CoAL vision, the following advantages and key risks are considered:

ADVANTAGES

A Major Hard Coking Coal Resource in South Africa

large resource – extended lom – over 100 years

Logistics – in place and well tested

Strong national and local government support which sees coal as a catalyst for industrial development

Balance Sheet strengthened

Legacy issues mostly resolved

KEY RISKS

Cost of Logistics – Distance to end user

Commodity Prices
(Positive moves in 2016)

Political uncertainty impacts on the ability to raise funds

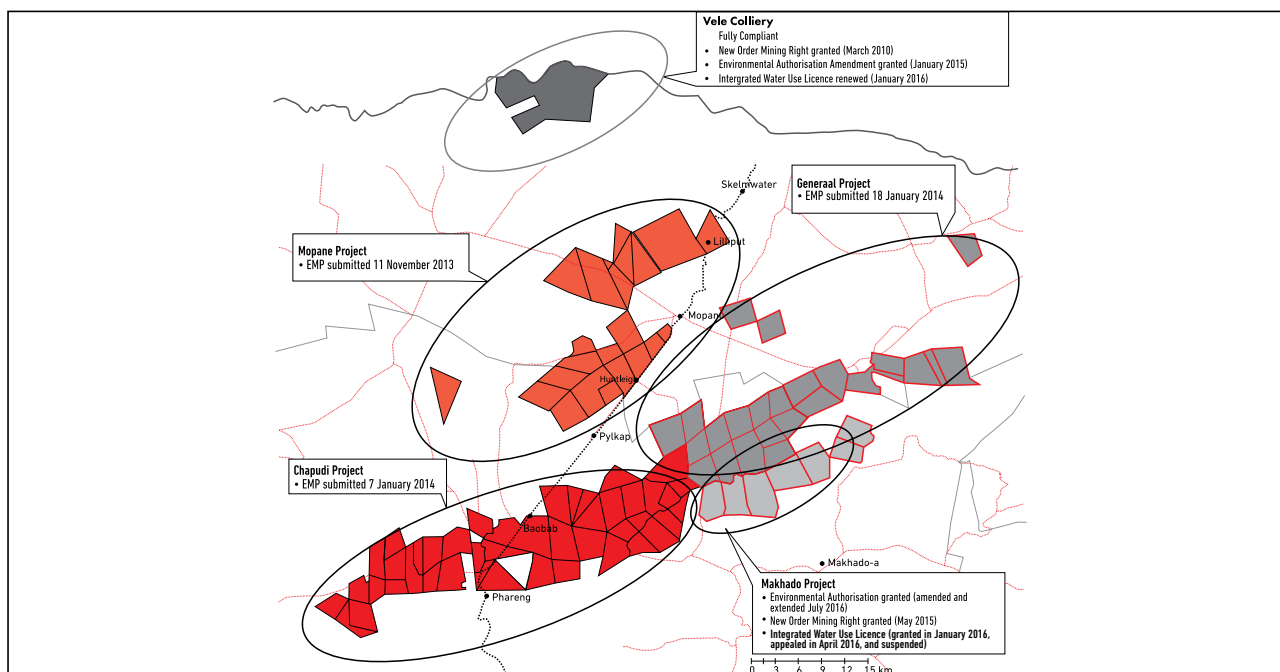
Shareholder support not sufficient for acquisition of cash generator

Community impact on project delivery

Mooiplaats not yet sold



BALANCING THE SOCIO ECONOMIC POTENTIAL OF MINING DEVELOPMENT AND ENVIRONMENTAL COMPLIANCE THROUGH STRENGTHENED CO-OPERATION BETWEEN ALL STAKEHOLDERS



Resource and reserve statement

The presence of hard coking coal and the size of CoAL's resources, 2.4 billion tonnes in situ, is a differentiating factor from other coal junior mining companies.

Abridged summary of JORC-compliant resources and reserve statement - 31 May 2012	JORC-compliant resources (measured, indicated & inferred)*1,2			JORC-compliant reserves (proven & probable)*2	Strike length drilled to date (km)	Strike length to be drilled (km)
Project name (Coalfield)	Gross tonnes in situ (Mt)	Gross tonnes in situ (Mt)	Minable tonnes in situ (Mt)	Reserves (Mt)		
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	2,336.9	325.6	67.9	66.1

* Notes:

1. Resources are stated inclusive of reserves

2. Independent Technical Statement for the GSP (30 September 2012)

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

STRATEGY

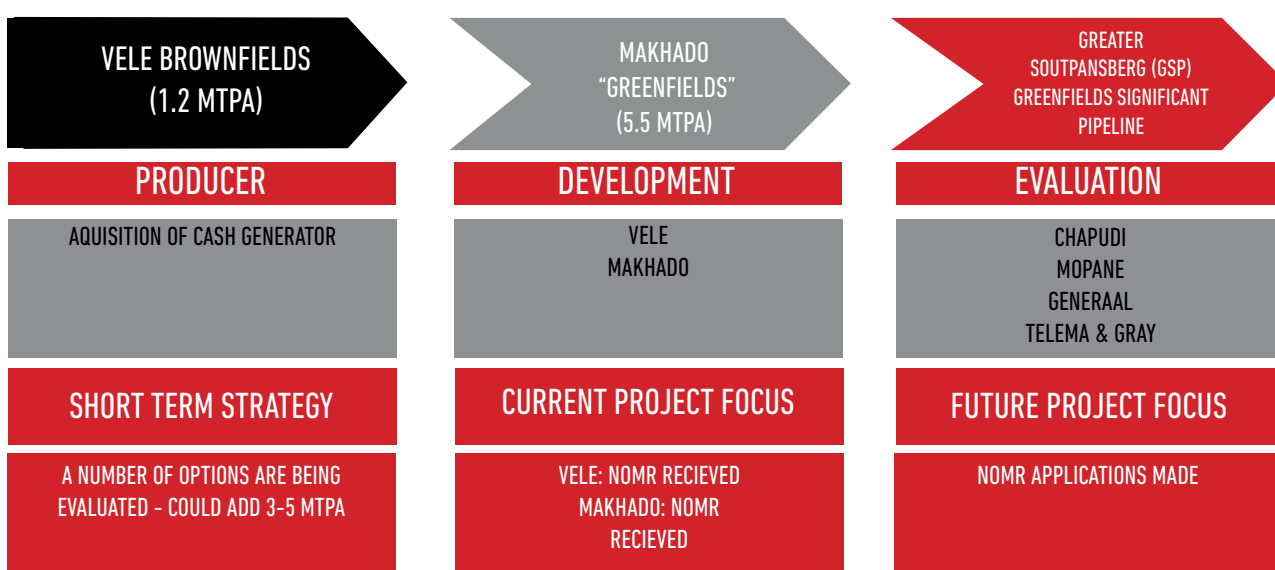
Summary of Projects & Operations

Colliery/ Project	Description	Location	Status	Licences	Ownership
Vele Colliery	Semi soft coking and thermal coal	Vhembe District, Limpopo Province	On care and maintenance since September 2013 in preparation for Plant Modification project	<ul style="list-style-type: none"> • New Order Mining Right (NOMR) (DMR) • Environmental Authorisation (EA) (DEA) • Integrated Water Use Licence (IWUL) DWS 	Limpopo Coal Company (100% subsidiary of CoAL) BEE transaction awaiting viability study
Makhado Project	Hard coking and thermal coal	Vhembe District, Limpopo Province	Project development	<ul style="list-style-type: none"> • NOMR • EA • IWUL 	CoAL – 70 % Makhado Colliery Community Development Trust – 20% Yoright Investments – 6% Opal Mining – 4%
Greater Soutpansberg Projects	Combination Hard coking coal Semi soft coking coal Thermal coal	Vhembe District, Limpopo Province	Pre project phase feasibility	NOMR applications submitted	CoAL – 74% Rothe Investments – 26%

CoAL Project Pipeline

CoAL's long term project pipeline is the Greater Soutpansberg Projects, comprising of Chapudi, Mopane and Generaal Projects, for which New Order Mining Rights (NOMR) have been made. The Makhado Project and Vele Colliery are the company's primary areas of focus.

Vision to responsibly produce in excess of 6.7 million tonnes per annum of saleable product by 2020 (from current projects)

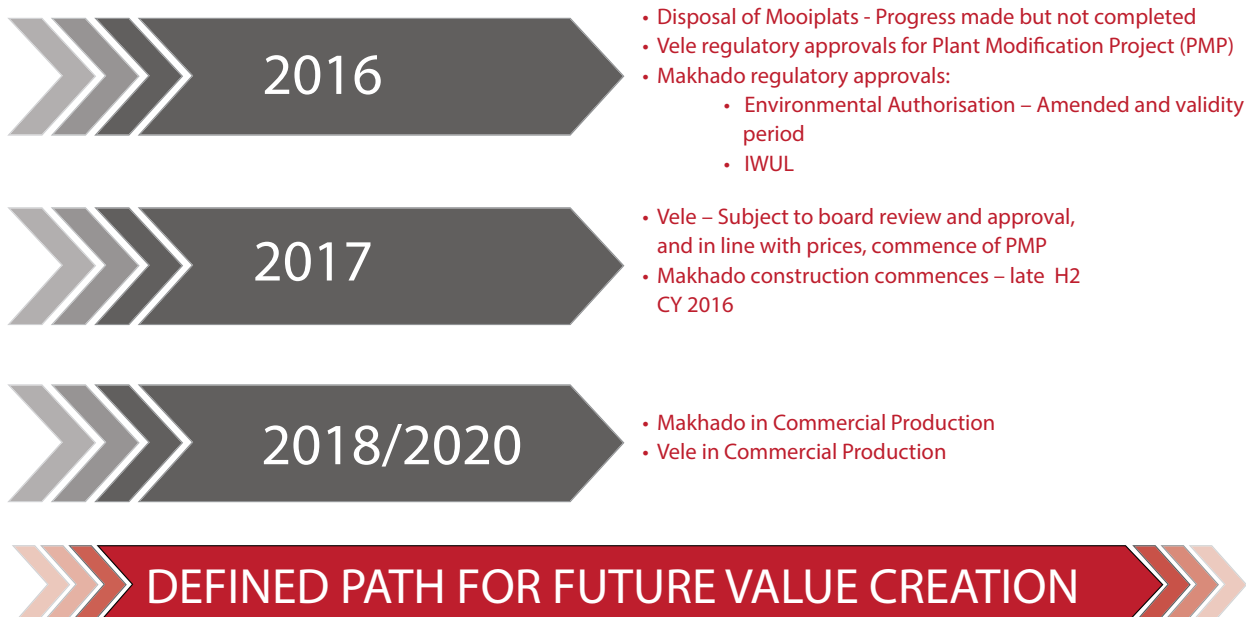


CoAL // MAKHADO PROJECT

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KEY DELIVERABLES TO UNLOCK INTRINSIC VALUE



STRATEGY

Stakeholder Engagement

CoAL HAS ADAPTED A SHARED VALUE APPROACH WHICH CONTINUALLY ALIGNS THE BUSINESS OBJECTIVES WITH THE SOCIAL CHALLENGES IN OUR AREA OF OPERATIONS

CoAL operates within a very complex stakeholder environment, in which perceptions towards mining and its impacts remain negative. The company recognises the tangible value of its relationships with its stakeholders (defined as those interested in and potentially affected by the operations and projects), whose trust CoAL seeks to secure and maintain. A shared value approach has therefore been adopted which continuously aligns the business objectives with the societal and environmental challenges which exist in CoAL's areas of operation. This approach acknowledges the need to embed the social needs and challenges in the objectives of the business.

The objective is to create economic value for CoAL, while also creating societal value for communities in the company's area of operation, through addressing the needs and challenges which exist. A principle underpinning the shared value approach is collaboration - CoAL has therefore defined itself not only as a facilitator, but also an enabler, together with national, provincial and local government, of sustainable socio-economic transformation. The shared value process has led to the development of CoAL's Community Centre Sustainable Value Model (SVM) which seeks to create and enhance sustainable value for all our stakeholders, in particular our communities.

Earning CoAL's Social Licence to Operate

CoAL's stakeholders are defined as those interested in and potentially affected by the company's operations and projects. A stakeholder engagement strategy is key to building and securing the trust of our stakeholders. CoAL's engagement strategy is direct and managed at an executive level through the Corporate Affairs Department. The vision of the strategy is to build social cohesion and social capital within communities to develop sustainable communities through inclusive, transparent and regular engagement.

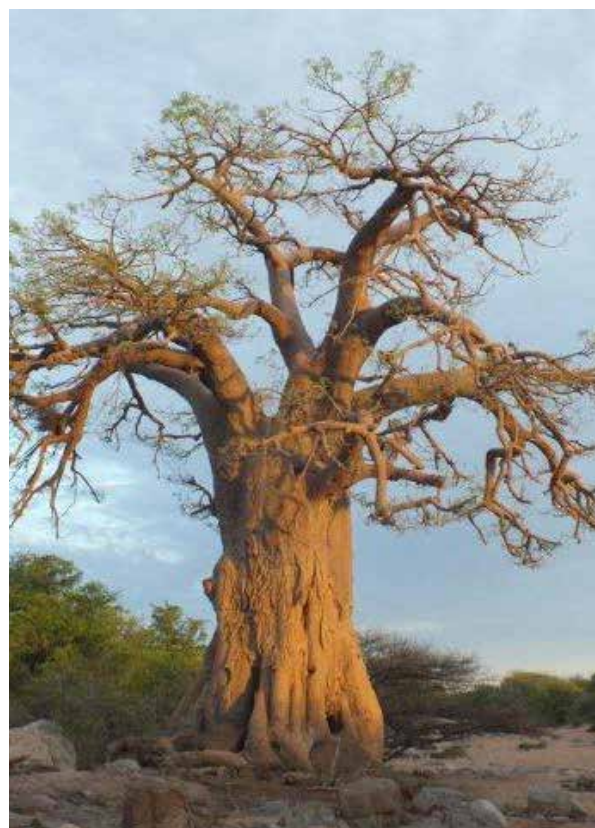
Earning CoAL's Legal Licence to Operate

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The company is responsive to the dynamic South African legislative environment, ensuring that its legal licence to operate is earned and maintained through regular and proactive engagement at a local, provincial and national government level. This results in continued and sustained compliance with the regulatory framework of the Mineral and Petroleum Development Act (MPRDA), National Water Act (NWA) and the National Environmental Act (NEMA). The National Development Plan (NDP) aims to grow an inclusive economy, build capacity, and promote leadership and partnerships throughout various sectors of society. CoAL has created partnerships with the various tiers of government to collaborate to deliver on the goals of the NDP to address the challenges of poverty, unemployment and skills shortages.



STAKEHOLDER ENGAGEMENT

CoAL has developed a Stakeholder Management System, the central repository for the stakeholder profile and analysis, communication, including engagement activities, which has now grown to include more than 8 000 stakeholders. The continuously evolving system aims to ensure improved engagement and communication processes.

All stakeholder management activities are underpinned by the guiding principles of direct, regular, inclusive and transparent engagement, aligned to CoAL's strategic vision which seeks to:

- Build social cohesion and social capital within communities
- Build sustainable, collaborative relationships with stakeholders
- Minimise risk, understand and respond to the issues that matter to stakeholders



Corporate social investment

The principles of mutual benefit and shared values underpin our approach to Corporate Social Investment (CSI). CoAL recognises its responsibility to maximise the benefits of mining for its communities through collaborative partnerships between government (regional and local), communities and CoAL.

The company's Social and Labour Plans (SLP), is a key driver for socio-economic transformation as the SLP's seek to create jobs, enable Small, Micro and Medium Enterprises (SMME) and enterprise development, and create meaningful and sustainable economic opportunities. The plans have been developed through extensive engagement with communities and local authorities, and are 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



David Brown on Creating Sustainable Value

Sustainability of the South African mining industry will ultimately depend on the establishment of a domestic national mining champion to inject new vigour into the economy.

This is the vision of government, when the previous Mineral Resources Minister, Mr Ngoako Ramatlhodi, said that South Africa needed a new national mining champion that was private- sector-owned and successful, and it is also my vision that CoAL puts up its hand to be that South African mining champion – at least for the coal sector.

"We feel at CoAL that someone in the country needs to put up its hand to create a domestic champion that could deliver domestic coal for Eskom or for our independent energy providers, as well as coke for the steel industry's Arcelor Mittal, and we feel this is a powerful national prerogative that we could create at CoAL. Personally, I have it as my goal that when I finally leave CoAL, the status of CoAL as that domestic champion will have been my legacy," said David.

He recognises that such a goal will not be feasible or practical unless CoAL has fully transformed, which is another major goal of CoAL management. "If we have not transformed during my era, then we will not have succeeded as a company irrespective of the bottom line. We have to be more representative, or our activities will have simply widened the gap between the haves and have-nots. We are on a journey, particularly within the rural communities within which we operate, and we have to take all these individuals along with us on our journey.

"We all have a role to play as mentors within transformation, and I'm pleased that I'm in the position right now to be able to help with this," said David. "I'm happy that CoAL has made substantial progress in our transformation journey, in keeping with the tenets of the Mining Charter, with the primary objective of attaining and exceeding those targets."



SUSTAINABLE DEVELOPMENT

The four pillars of people, planet, profit and governance remain the basis on which CoAL progresses its sustainable development journey





CoAL

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