



**Six months  
ended  
31 December 2012**

David Brown, Chairman  
John Wallington, CEO

15 March 2013

[www.coalofafrica.com](http://www.coalofafrica.com)



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Recipients of this presentation should refer to (1) the Independent Technical Statement for Coal of Africa as at 18 September 2011, and (2) the Independent Technical Statement for the Greater Soutpansberg for Coal of Africa Limited, 31st May 2012, each prepared by Venmyn Rand (Pty) Ltd, which are available on Coal of Africa's website ([www.coalofafrica.com](http://www.coalofafrica.com)), for full details of the coal resource and reserve estimates referred to in this presentation and the basis on which those estimates have been prepared.

## Competent persons' statement

The information in these Presentation Materials that relates to mineral resources or ore reserves has been compiled by Ms C Telfer (B.Sc. Hons. (Geol.), (DMS) Dip Bus Man Pr. Sci. Nat., FGSSA, MAusIMM, M.Inst.D) and Mr G Njowa (M.Sc. (Min. Eng), MRM, B.Sc.Hons. (Min. Eng), Grad CIS, MSAIMM, Pr Eng, MIAS), of Venmyn Rand (Pty) Ltd, who both have relevant and appropriate experience and independence to appraise the coal assets. Both Ms C Telfer and Mr G Njowa are considered "Competent Persons", and each have more than five years relevant experience in the assessment and evaluation of the types of coal exploration and mining properties presented in this announcement. Both Ms C Telfer and Mr G Njowa consent to the inclusion of the resource information in these Presentation Materials in the form and context in which it appears.

# Agenda



<b>Introduction</b>	David Brown
<b>Operational review</b>	John Wallington
<b>Financial review</b>	John Wallington/David Brown
<b>Outlook and conclusion</b>	John Wallington



# CoAL at a glance: coking-coal producer of the future



- Listed on ASX, JSE and AIM
- 1.048 billion shares in issue: 81.2% held by institutions and corporates
- Market capitalisation: \* **AUD220m/£160m/ZAR2.2bn**
- ROM production of 4.9 million tonnes in FY2012
- Total workforce: 1,699

- Future value proposition
  - Substantial undeveloped resources in South Africa of **2.4 billion mineable tonnes in situ**
- Potential growth to mid-size producer
  - Future production of coking coal and thermal coal: **10 million tonnes**

\* As at 14 March 2013



# Turnaround strategy: four key priorities



# Strategy: salient features of H1 F2013



## Equity

### Strengthened financial asset structure

- \$100m – equity transaction with Beijing Haohua Energy Resource Co Ltd
- \$53.5m – capital raise with other shareholders
- \$14m – cash generated

## Debt

### Ongoing engagement with banking institutions

- Deutsche Bank facility – debt of \$37.5 million reduced to \$29m as at 28 February 2013
- Repayment of Deutsche facility at a rate of \$4.15million per month
- Chapudi acquisition restructured repayment terms – second tranche of \$14m paid in full on 28 February 2013

## Logistics

### Strong relationship with Vitol

- Long-term marketing agreement signed with Vitol
- Matola Phase 4 port option restructured; no funding obligation



# Operational Review

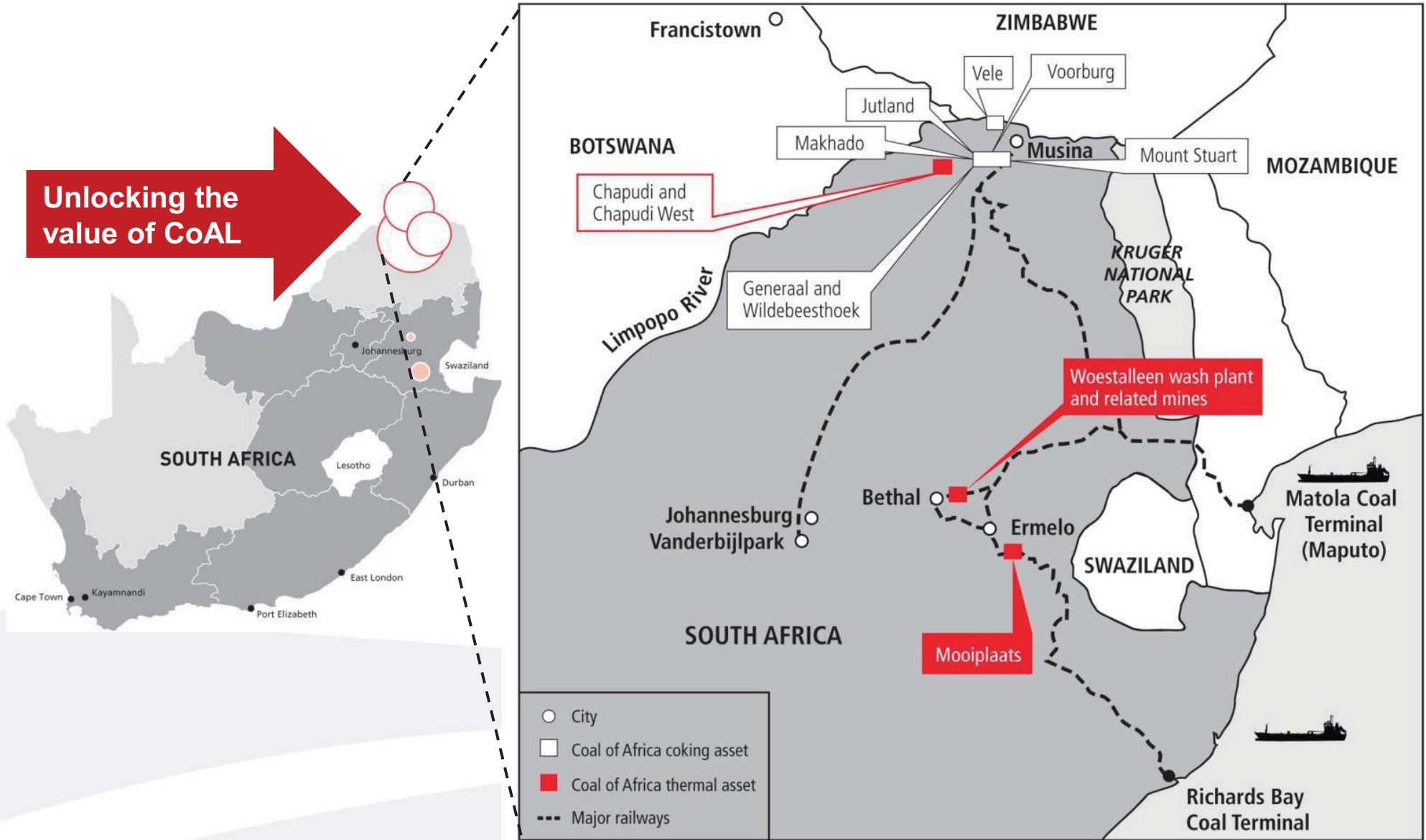
John Wallington



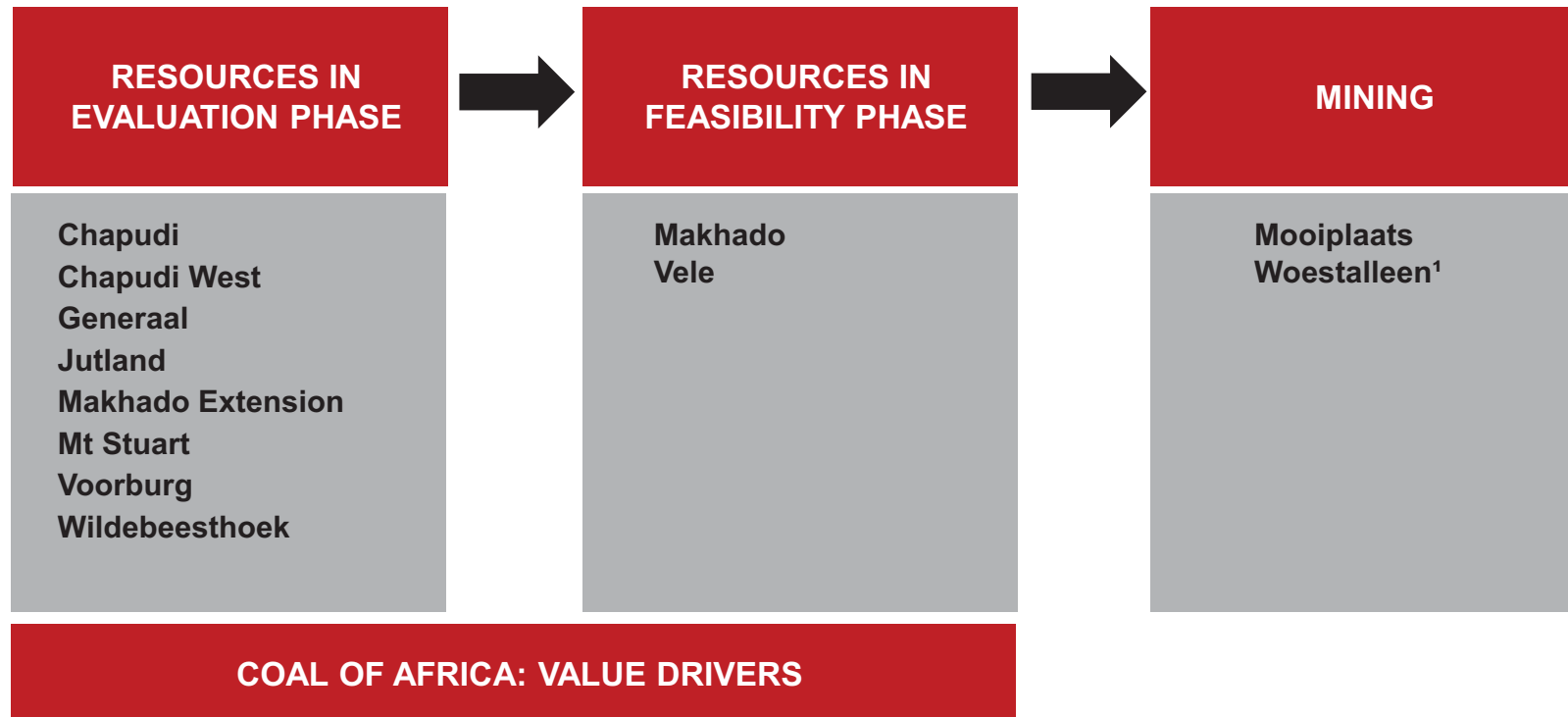
# Location: operations and unexplored resources



Unlocking the value of CoAL



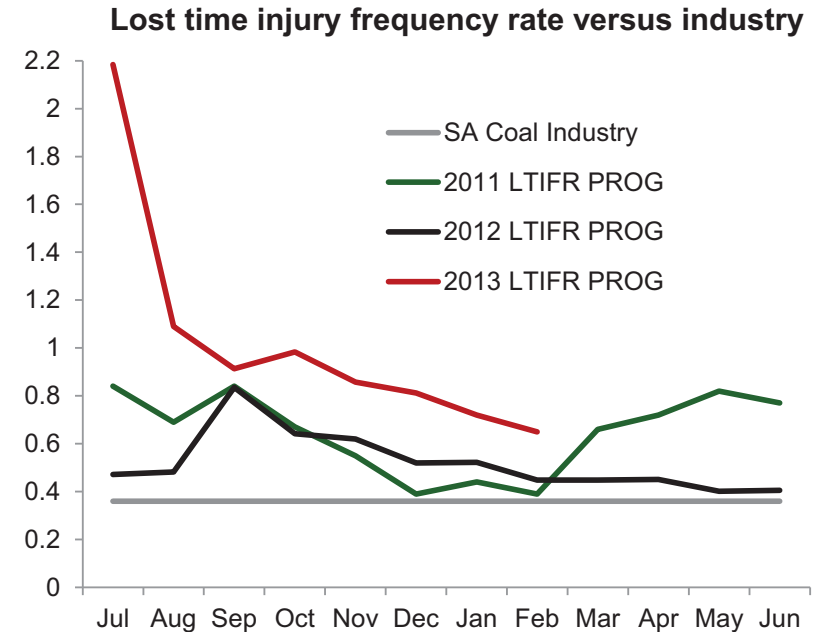
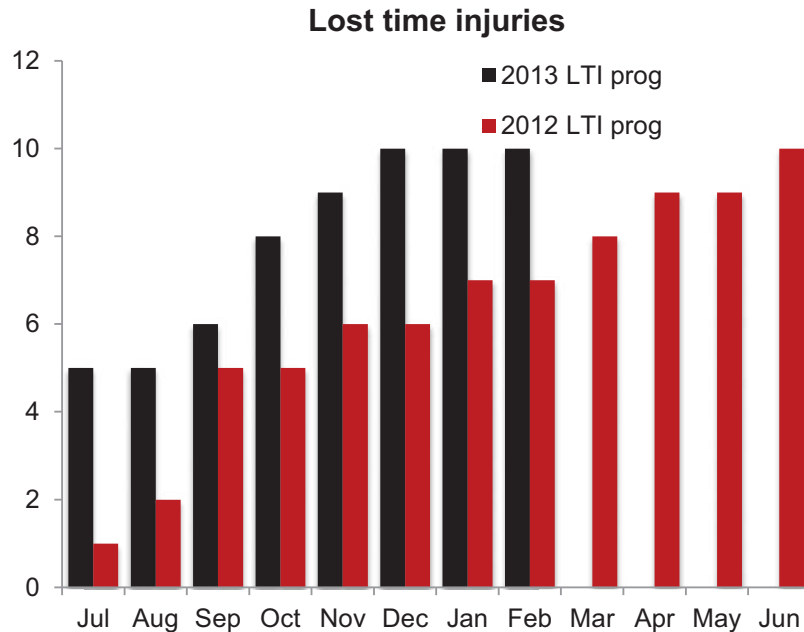
# Overview: projects and operations



- Upside potential based on project pipeline
- Assets in three major phases (evaluation, feasibility, mining)
- Unlock the potential of the first two phases – evaluation and feasibility
- Development of Limpopo (predominantly coking-coal assets) will enable CoAL to benefit from positive long-term industry fundamentals

<sup>1</sup> Includes the Zonnebloem (Vuna) Colliery, the remaining open-cast pit in operation

# Safety performance



- Zero fatalities: 10 LTIs recorded to end of February compared to FY2012:(7 recorded for the comparable period)
- During FY2013 the group achieved:
  - 4,553 FFPS\* at Vuna
  - 4,665 FFPS\* at Woestalleen
  - 2,991 FFPS\* at Mooiplaats (3,000 FFPS achieved on 5 March 2013 @ 22:00)
  - 1,228 FFPS\* at Vele
- Intensified drive to improve safety performance

\* Fatality-free production shifts

# Operations: salient features of H1 FY2013



## Run-of-mine (ROM) production

- **2.68Mt** ROM and **1.05Mt** export-quality coal
- Vuna marginally up at **1.84Mt** from **1.83Mt**: mined out by April 2013
- Mooiplaats decreased by **41.4%** to **388kt**
- Vele export thermal coal at **126kt**

## Product sales

- Reduction in export coal sales to **640kt** (FY2012 H2: **864kt**) primarily due to the impact of the strike action at Mooiplaats

## Makhado feasibility study

- Definitive feasibility study (DFS) enhanced: inclusion of the thermal secondary product to be released in Q2 CY2013
- External verification process in progress

## Thermal assets restructuring

- Mooiplaats restructuring to improve profitability to be completed by end of FY2013: consideration for disposal or partnership
- Woestalleen Section 189 process in progress: feeder mine Vuna mined out in Q4 FY2013
- Offers received for Woestalleen currently under consideration

# Substantial resources and reserves across provinces



Abridged summary of JORC-compliant resource and reserve statement – 30 September 2012	JORC-compliant resources (measured, indicated and inferred) <sup>1,2</sup>			JORC-compliant reserves (proven and probable) <sup>2</sup>	Strike length drilled to date (km)	Strike length to be drilled (km)
	Gross tonnes in situ (Mt)	Total tonnes in situ (Mt)	Mineable tonnes in situ (Mt)	Reserves (Mt)		
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
Vele Colliery (Limpopo)	795.7	672.9	362.5	325.6	-	-
Mooiplaats Colliery (Ermelo)	86.8	80.8	45.1	30.1	-	-
Woestalleen Colliery (Witbank)	1.6	1.5	1.4	1.4	-	-
<b>Total</b>	<b>8,840.7</b>	<b>7,198.2</b>	<b>2,413.4</b>	<b>357.1</b>	<b>67.9</b>	<b>66.1</b>

## Contextualising CoAL's resources and reserves:

- Represent ~90% of South Africa's accessible hard coking coal resources and ~10% of total remaining domestic coal resources
- Similar in size and range of coking coals to Russia's Elga and Kuzbass coalfields

<sup>1</sup> Resources are stated inclusive of reserves

<sup>2</sup> Independent Technical Statement for the GSP (30 September 2012)

<sup>3</sup> Competent Person's Report (12 December 2012)

# Contiguous Limpopo properties offer future value

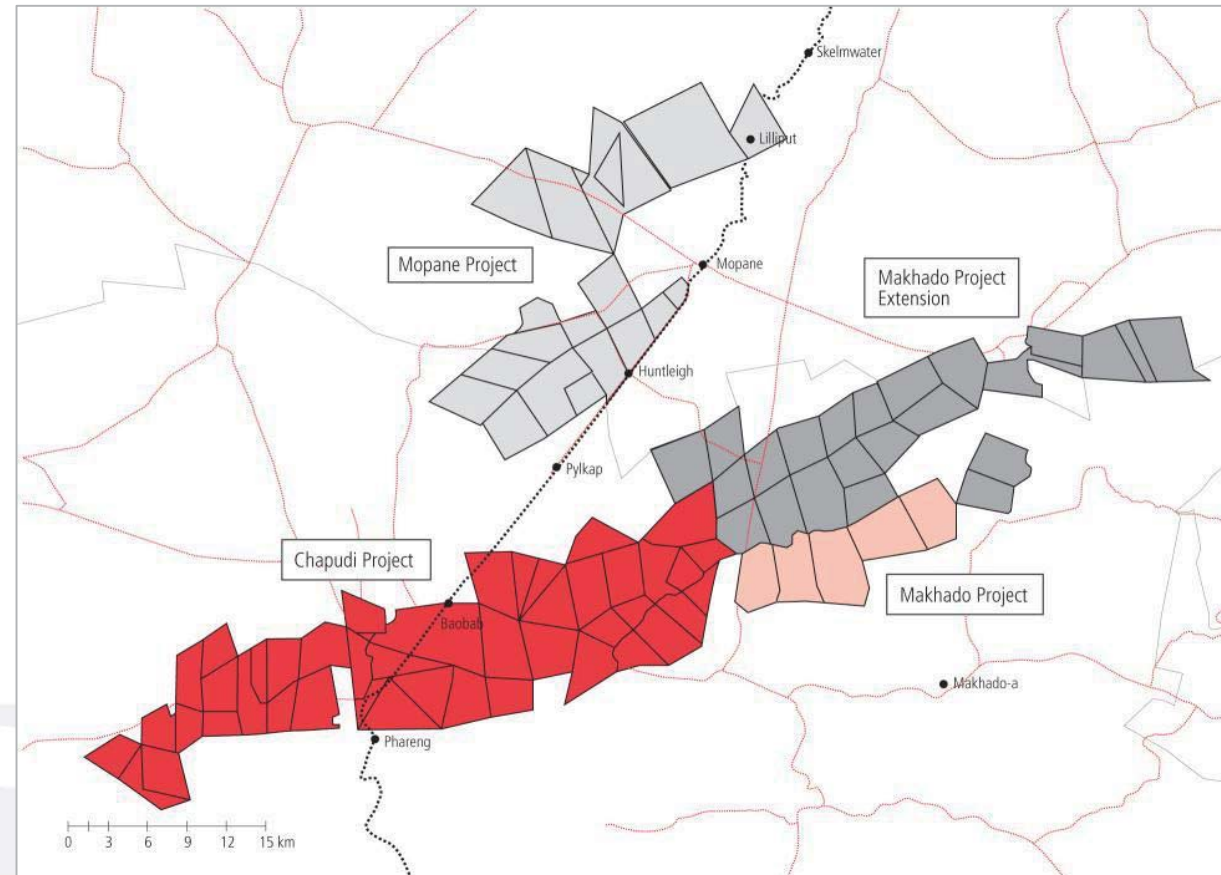


## ■ Significant Resource

- Establishes CoAL in the Limpopo region (Limpopo and Soutpansberg coalfields)
- Significant resource base of potential coking and thermal coal products >8.0bn tonnes
- Consolidation of tenements and resource to improve mine planning optionality, flexibility and economies of scale

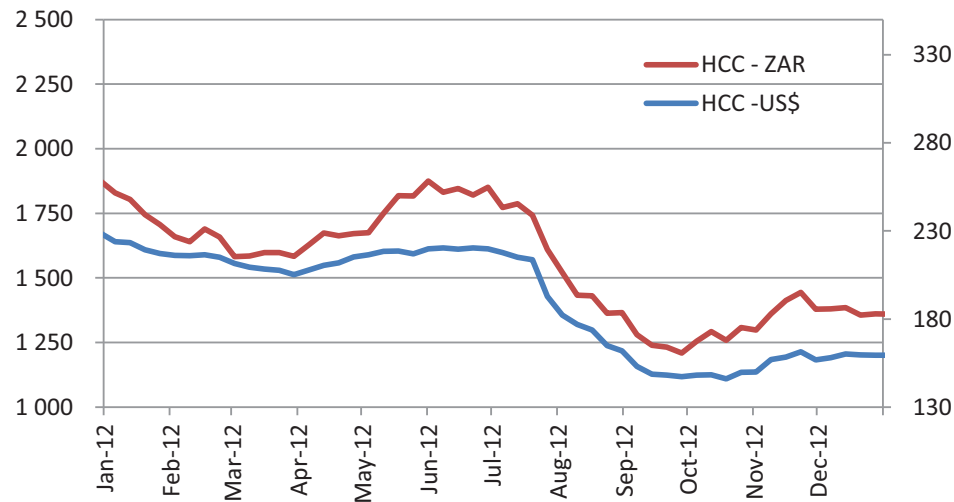
## ■ Exploration and technical data

- Exploration process on various properties at an advanced stage
- 39 small-diameter holes and 42 large-diameter holes planned
- Submission of New Order Mining Right (NOMR) applications in Q2 CY2013
- Compilation of updated resource statement in progress



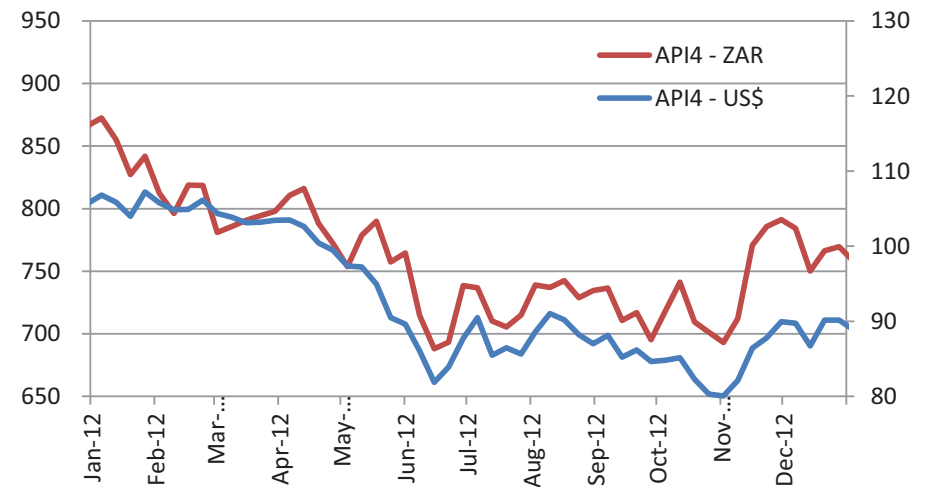
# Price history analysis

## Coking coal



- HCC: Declined to US\$159 in December 2012 from peak of US\$324 in April 2011
  - ZAR weakness mitigated impact:
    - ↓37%
- Marginal producers: current prices below production cost
  - risk of supply reduction from North America and Australia

## Thermal coal



- API4: Declined 28% to US\$89 in December 2012 from US\$123 in April 2011
  - ZAR weakness mitigated impact: ↓21%
- Current export coal prices: Further declined by 6% to US\$85 since December 2012

Source: Argus Media

# Group operational performance summary (Mt)



## Higher ROM production

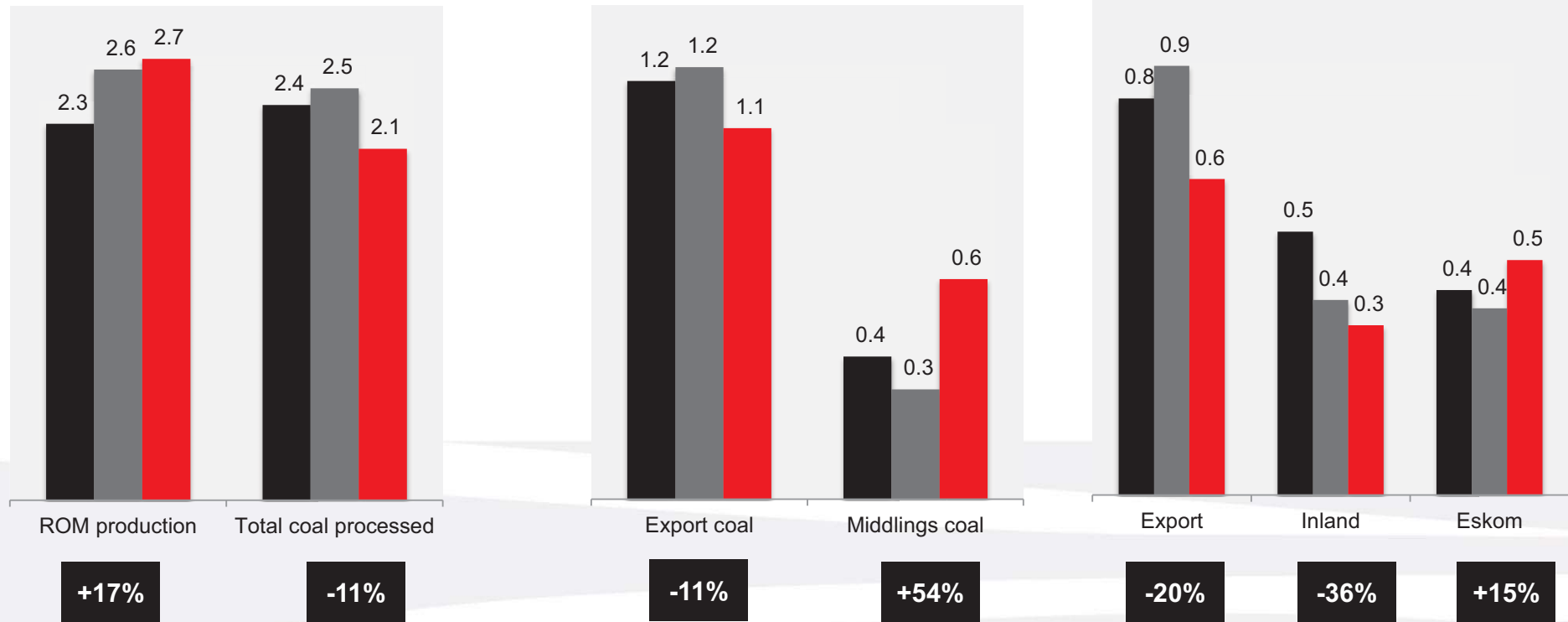
Production of export-grade thermal coal at Vele

## Higher volume of middling-quality coal produced

Changing yield profile

## Change in sales mix

Lower export sales: lower production due to Mooiplaats strike



H1 FY2012
  H2 FY2012
  H1 FY2013

# Mining properties: Vele Colliery

- **Highlights of H1 FY2013**

- **Aug 2012** concept design of Phase 1 plant upgrade completed
- **Oct 2012** Eskom product combustion testing concluded successfully
- **Dec 2012** approval for Phase 1 of plant upgrade

- **Plant upgrade – Phase 2**

- front-end design and technical work for modifications to plant :
  - ▶ enhance fines recovery
  - ▶ produce thermal coal and semi-soft coking coal

- **Key statistics for H1 FY2013 (tonnes)**

- ROM production: 449,255t
- Total coal produced: 126,318t (all export quality)



# Feasibility phase projects: Makhado Project

- **Flagship project**
  - Soutpansberg Coalfield, Limpopo Province, South Africa
  - projection of 12Mtpa ROM producing approximately 2Mtpa of coking coal and 3Mtpa of thermal coal
- **Upgrade of DFS**
  - scope of the DFS to include the thermal coal fraction – significant value enhancer
  - third part verification in progress
  - Wood Mackenzie confirmed that Makhado has a potential to produce world class hard coking coal
- **Regulatory applications well advanced**
  - NOMR
  - Memorandum of Understanding (MoU) signed with Nzhelele farmers in respect of more efficient use of water
    - ▶ Memorandum of Agreement (MoA) enabled the submission of the Integrated Water Use Licence Application
  - CoAL continued to make progress on the acquisition of various properties required for the Makhado Project rail infrastructure and operations



# Quality confirmed for Makhado – Wood Mackenzie



- Makhado has a potential to produce hard coking coal with a coke strength of 64
- Makhado coal has excellent characteristics that make it a good blend because it can support weaker coals in a blend
- Makhado coal has high reactive content, strong caking properties and high fluidity
- Potential markets identified as India, Brazil, Turkey, Japan, Taiwan and South Africa
- Good prime coal for blending



# H1 FY2013 highlights: Matola Terminal, Maputo



## ▪ Matola

### – Phase 3.5

- ▶ increase of terminal capacity from 6.0Mtpa to 7.3Mtpa
- ▶ an approximate additional 700kt of coal capacity
- ▶ additional discharge station improved flexibility/redundancy on tipping and inflows
- ▶ due for completion September 2013



Matola Dry Bulk Terminal, Maputo (Mozambique)

### – Phase 4

- ▶ expansion of up to 20Mtpa of coal
- ▶ right secured to any increased capacity
- ▶ participation up to 100% without funding obligation for the expansion
- ▶ feasibility phase underway



# Financial Review

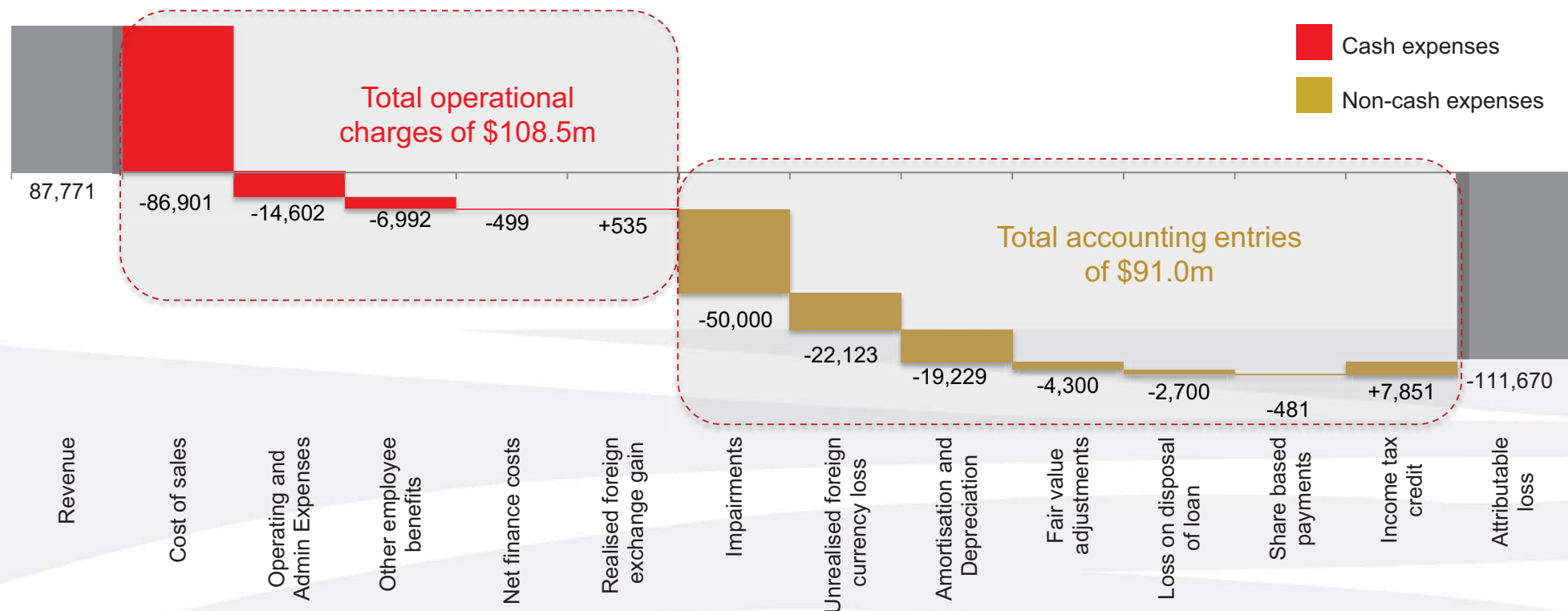
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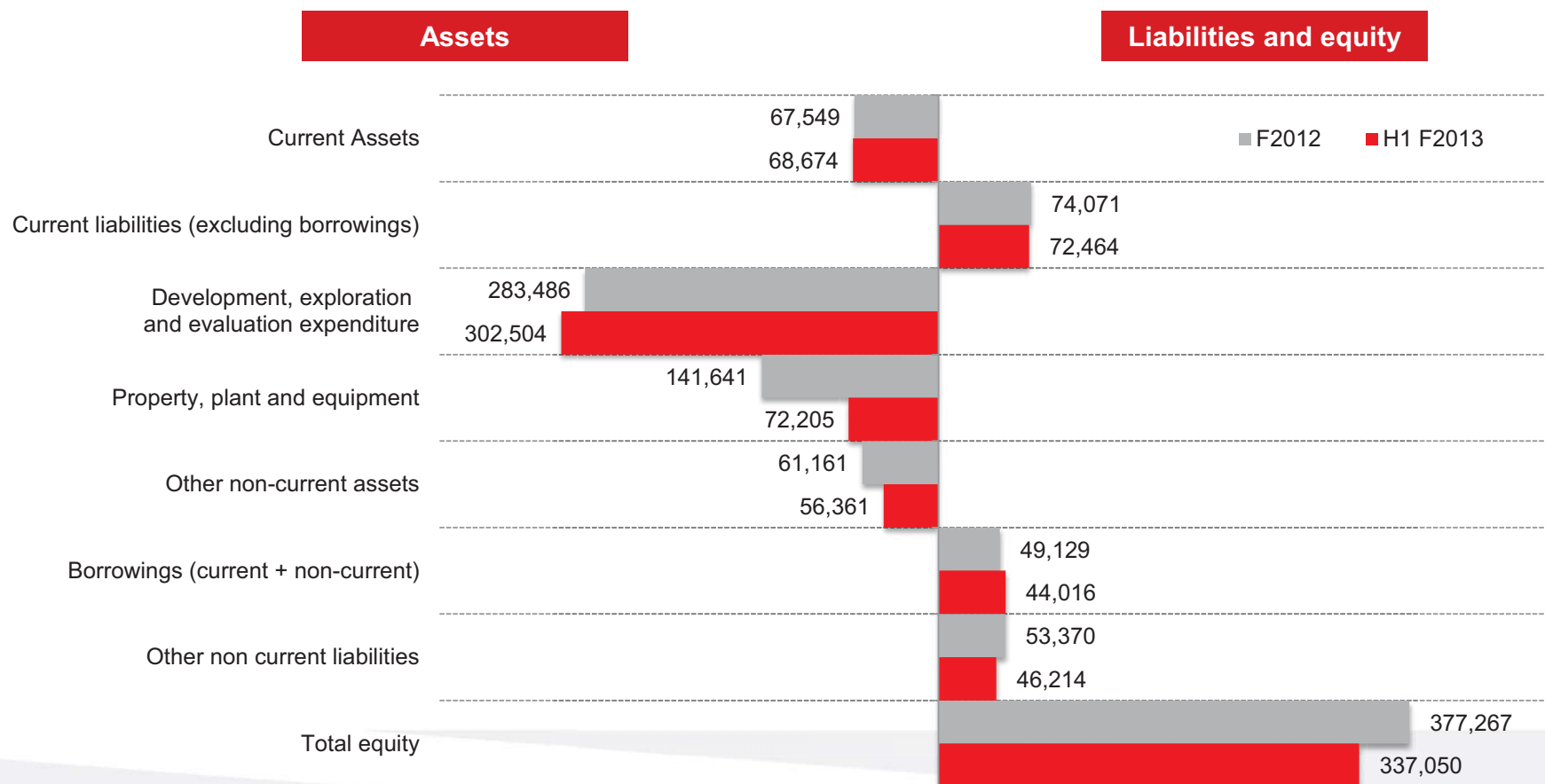


# Financial performance H1 FY2013 (\$000)

<b>Revenue</b>	Pressure on index linked RB1 export quality thermal coal price: Average price down 13% H1 F2013 to US\$87
<b>Gross profit</b>	Gross profit of \$0.9m (previous six months of \$19.5m) impacted by lower production due to strike and lower prices
<b>Cash loss</b>	Adjusted loss would have been \$20.8m: excluding non-cash charges and accounting entries of \$91.0m
<b>Currency impact</b>	12% depreciation of ZAR vs US\$: Realised gain of \$0.5m + unrealised loss of \$22.1m
<b>Impairment</b>	US\$50m impairment charge on Mooiplaats reflecting poor operational performance and lower pricing
<b>Depreciation and amortisation</b>	US\$9m lower than previous six months



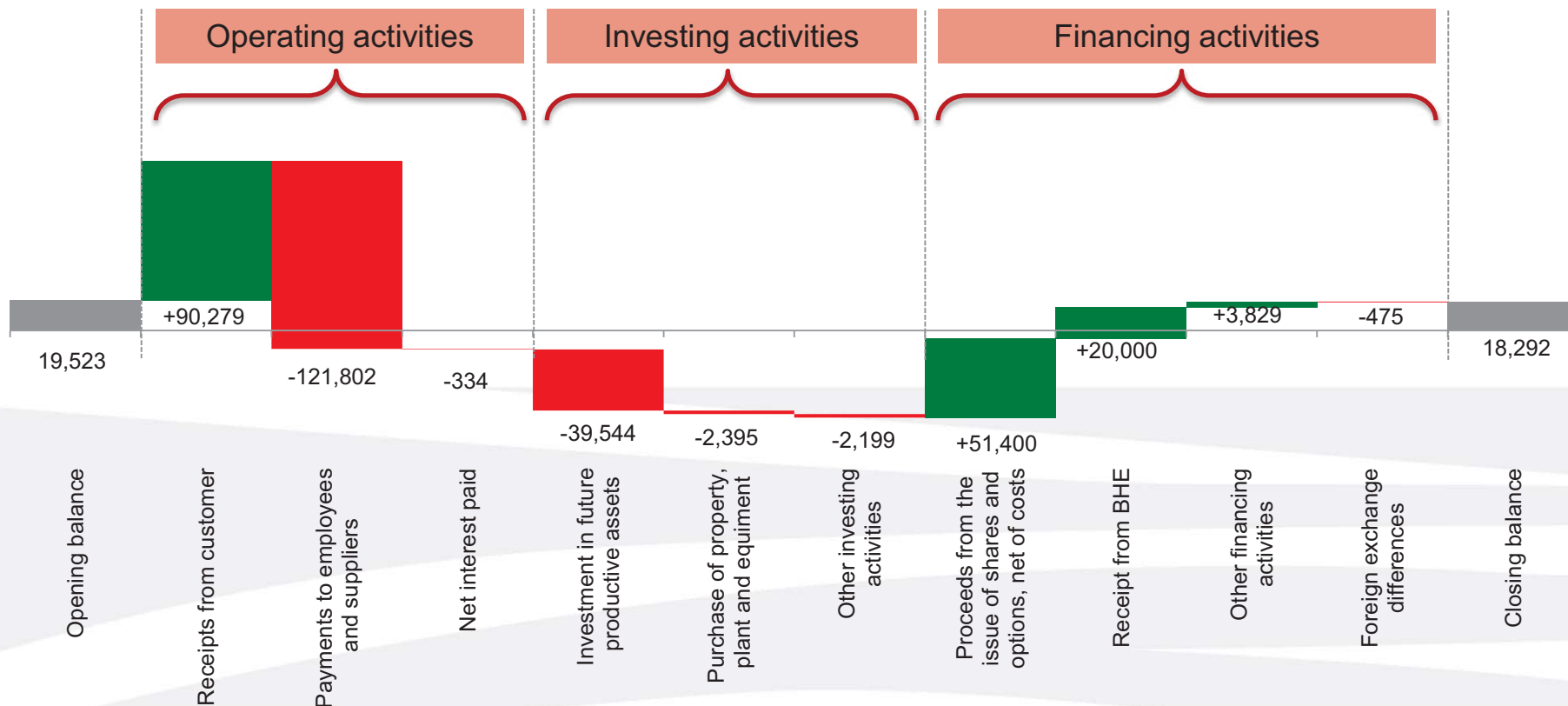
# Balance sheet H1 FY2013 (\$000)



Total equity	Reduction in equity due to \$50m impairment on Mooiplaats
Post period cash inflow	Receipt of US\$80m from BHE on 31 January 2013 and issuance of 247,417,599m shares

# Cashflow H1 FY2013 (\$000)

Cash used in operating activities	\$31.8m used in operating activities
Purchase of mineral properties	\$9.8m for purchase of Chapudi mineral rights
Capitalised exploration and evaluation expenditure	\$11.7m includes farm purchases + exploration for Makhado and GSP
Payments for development assets	\$18.0m in relation to development activities at Vele
Proceeds from issue of shares	\$51.4m net includes rights offer in July 2012 and August 2012 + Investec facility





# Conclusion



# Priorities for H2 FY2013

## Thermal coal

- Woestalleen and Mooiplaats – disposal/restructuring options being considered

## Future projects

- Greater Soutpansberg – significant extension options exist

## Technical studies

- Makhado – release of DFS and coal quality reports
- Vele – finalise product tests and approve plant capex

## Logistics

- Matola – reduction of take or pay liability



Coal of Africa Limited  
2nd Floor, Gabba Building, The Campus  
57 Sloane Street, Bryanston, 2021  
Tel: +27 11 575 4363  
sakhile.ndlovu@coalofafrica.co.za  
www.coalofafrica.com