



ANNOUNCEMENT

13 March 2015

INTERIM FINANCIAL STATEMENTS ANNOUNCEMENT

The Directors of Coal of Africa Limited (“CoAL” or “the Company”) is pleased to announce the interim results for the Company for the half-year ended 31 December 2014.

Review of Operations

Principal activity and nature of operations

The principal activity of the Company and its subsidiaries is the exploration and development of coking and thermal coal properties in South Africa.

The Company’s principal coking and thermal coal assets and projects include:

- The development phase Vele Colliery, a coking and thermal coal project;
- The Makhado Project, a coking and thermal coal project, which is awaiting the granting of a New Order Mining Right (“NOMR”);
- Three exploration stage coking and thermal coal projects, namely Chapudi, Generaal and Mopane, in the Soutpansberg Coalfield (the GSP project); and
- The Mooiplaats Colliery currently on care and maintenance and subject to a formal sale process.

The Company’s focus on safety continued and no lost time incidents (“LTIs”) were recorded during the six months (FY2014 H2: 1 LTI).

Vele Colliery

During the period a historic Biodiversity Offset Agreement (“BOA”) was signed by the Department of Environmental Affairs (“DEA”), South African National Parks Board (“SANparks”) and CoAL to the value of R55 million (\$4.7 million) over a 25 year period. The BOA is intended to promote the development of Mapungubwe so that it benefits the environment, the local economy and resident communities and provides an appropriate framework to manage the interface between mining operations and the Mapungubwe World Heritage Site, located approximately 30 km from the mine.

The BOA is based on the ecosystem approach to biodiversity management, promoting the integrated management of land, water and natural capital and enhance co-operation between the three parties towards the conservation and sustainable development of the Mapungubwe World Heritage Site, safeguarding its integrity and ensuring that the negative impacts of development are avoided or minimised. It is the first of its kind in the mining industry.

The Company previously submitted applications to amend the colliery’s Environmental Authorisation (“EA”) to include the proposed plant modifications. These applications were approved by the DEA in early CY2015. Subsequent to the receipt of the amended approval, an intention to object was lodged with the regulatory authority. The Company has also submitted applications to amend and renew Vele’s Integrated Water Use Licence (“IWUL”) and CoAL is confident these will be received during H1 CY2015. The current Vele Colliery IWUL is valid until March 2016. Further approvals will be required with respect to a stream diversion, a process which the company envisages commencing shortly. The Company has delayed the commencement of the plant modification construction pending the receipt of these approvals, which also gives the Company further time to assess the outlook for coal prices.

The Front-End Engineering Design (“FEED”) process for the Vele Colliery plant modification project undertaken by Sedgman South Africa was completed during the period. Changes to the plant modification design have resulted in a shortened construction period with the

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improvements resulting in the simultaneous production of semi-soft coking coal and thermal coal and the next stage of detailed design will commence upon project go ahead which is envisaged to be shortly after the receipt of the approvals applied for.

Makhado Coking Coal Project

As required under South African mining legislation, a minimum 26% black economic empowerment (“BEE”) shareholding is required for mining and exploration projects. CoAL previously signed a Memorandum of Agreement to enable a Broad Based Black Economic Empowerment consortium comprising seven local communities to acquire a 20% interest in the Makhado Project and during the period the Company continued the process of identifying suitable BEE shareholders to acquire a further 6% interest in the project. These transactions were formalised subsequent to 31 December 2014 and will ensure that the Makhado Project has the requisite ownership structure.

During the December 2014 period an interim court interdict was issued against the Makhado Project seeking to halt any mining or construction activity on the site. The Company, as one of the respondents, has commenced work with the other respondents to set aside the interim interdict. CoAL does not anticipate that this process will impede on the delivery timetable for the mine to come into commercial production during CY2019 as no construction or mining activities are anticipated during CY2015.

Greater Soutpansberg Project (MbeuYashu)

During the reporting period the Company continued to engage with stakeholders, in particular communities, in relation to the Greater Soutpansberg Project which comprises the Generaal, Chapudi and Mopane projects.

Current and future funding

During the reporting period CoAL shareholders approved a two stage equity placement of up to 695 million shares for GBP0.055 raising approximately \$64.9 million. The amount was calculated using an indicative exchange rate of GBP1:\$1.70 which had weakened 8.6% to GBP1:\$1.55 at the end of the half year, resulting in the revised expected proceeds of \$60 million. The 8.4% weakening of the ZAR:\$ exchange rate between August and December 2014 offsets the decline in the GBP:\$ exchange rate as the Company’s future expenses are predominantly Rand denominated. The required regulatory approvals for the transaction were received during November 2014 resulting in the issue of 295 million CoAL shares to participants in the transaction.

During December 2014 the Company announced that it had agreed with all selected participants to split the second stage of the placement into two parts. This stage was previously conditional on receipt from a South African participant, TMM Holdings (Pty) Ltd, of confirmation that it had received sufficient funding to fulfil its second stage funding commitment. The second stage of the equity placement was completed during December 2014 with the issue of 300 million ordinary shares and the third stage will result in a further 144 million shares being issued, anticipated to be completed by the end of April 2015.

Financial review

The loss for the six months under review amounted to \$0.8 million, or 0.07 cents per share compared to a loss of \$46.3 million, or 4.42 cents per share for the prior corresponding period.

The loss for the period under review of \$0.8 million (H1 2013: \$46.3 million) includes non-cash credits of \$16.9 million (H1 2013: charges of \$30.2 million) as follows:

- Mooiplaats impairment loss of nil (\$16.5 million in the six months ended 31 December 2013);
- net foreign exchange profit of \$17.7 million (2013: loss of \$12.5 million) arising from the translation of inter-group loan balances, borrowings and cash due to changes in the ZAR:AUD exchange rate during the period;
- depreciation of \$0.3 million (2013: \$0.7 million) and amortisation of \$0.5 million (2013: \$0.5 million) contributed further to the non-cash charges.

As at 31 December 2014, the Company had cash and cash equivalents of \$20.6 million compared to cash and cash equivalents of \$2.1 million at 30 June 2014.

Highlights and events after the reporting period

- The Company received the amended and updated Environmental Authorisation for the Vele Colliery. The application for the amendment and extension of the Integrated Water Use License for the colliery is still to be received, following which the Company will make a decision as to the timing of the start of the plant modification at the colliery.
- Subsequent to 31 December 2014, the Company extended the date on a non-exclusive basis for which Blackspear Capital ("Blackspear"), a wholly owned subsidiary of Blackspear Holdings (Pty) Ltd are required to fulfil the conditions precedent for the sale of Mooiplaats until April 2015, and while the delay is unwelcome it will not impact on the ability of the Company to continue with the finalisation of its turnaround strategy.
- On 13 February 2015 Michael Meeser, Executive Director and Chief Financial Officer, resigned.
- Subsequent to 31 December 2014, the Company formalised the Makhado Project BEE structuring ensuring that the project complies with South African mining legislation.

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).

Coal of Africa (CoAL) invites you to the simultaneous webcast and conference call for the half year ended 31 December 2014.

Date: Monday, 13 March 2015

Time: 10:00 (CAT)

The webcast and conference call will be accessible at <http://themediiframe.eu/links/coalofafrica140310.html> or CoAL's website at www.coalofafrica.com.

TELECONFERENCE

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UK (Toll-Free)	0 808 162 4061

PLAYBACK: Code 34555

A playback of the teleconference will be available for 48 hours afterwards on the following telephone numbers:

Country	Access number
Other countries (International Toll)	+27 11 305 2030
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View this invitation online at www.coalofafrica.com
