



Interim results for six months ended 31 December 2013

David Brown, Chief Executive Officer
Michael Meeser, Chief Financial Officer

Monday, 10 March 2014

www.coalofafrica.com



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Important Notice

Recipients of this presentation should refer to (1) the Independent Technical Statement for Coal of Africa as at 10 December 2012, 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), 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



Introduction

David Brown

Operational and project review

David Brown

Financial review

Michael Meeser

Outlook and conclusion

David Brown



Introduction: David Brown, Chief Executive Officer



Repositioned mining development company



- Vision to responsibly produce 7 million tonnes of coal per annum
 - pipeline of high quality coking and thermal coal projects - Vele, Makhado and Greater Soutpansberg
 - identification of strategic investors to develop Vele and Makhado
- Key risks
 - commodity cycle
 - South African regulatory uncertainty
 - funding timetable
 - regulatory timelines



Enhanced turnaround strategy: five key priorities



1. Attaining strategic investor – completed February 2013

2. Reduction in overhead structure - completed July 2013

Loss making operations closed – completed October 2013

3. Product quality confirmation at Vele – completed August 2013
AMSA testing completed – December 2013

4. Non Core Asset Disposal – target completion June 2014

5. Secure funding for Makhado and obtain regulatory approvals – target completion end of Q3 CY 2014

Continued execution

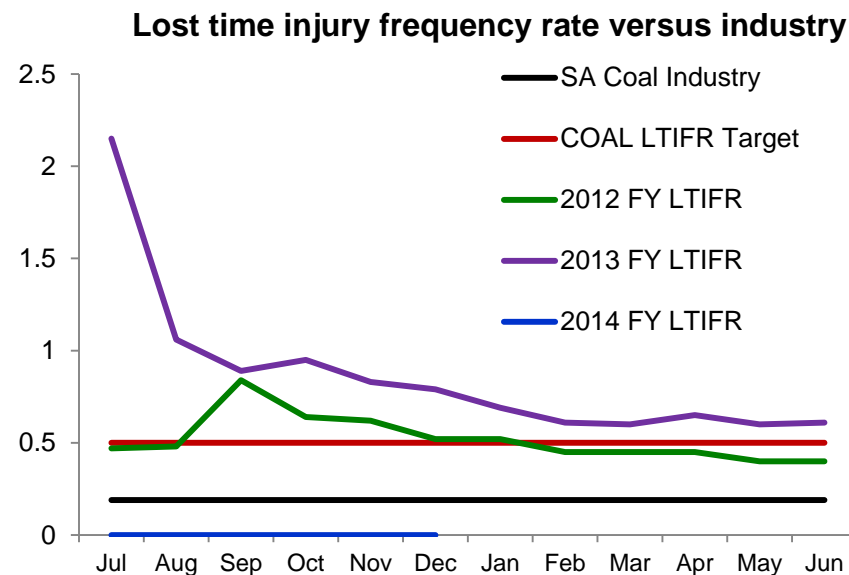
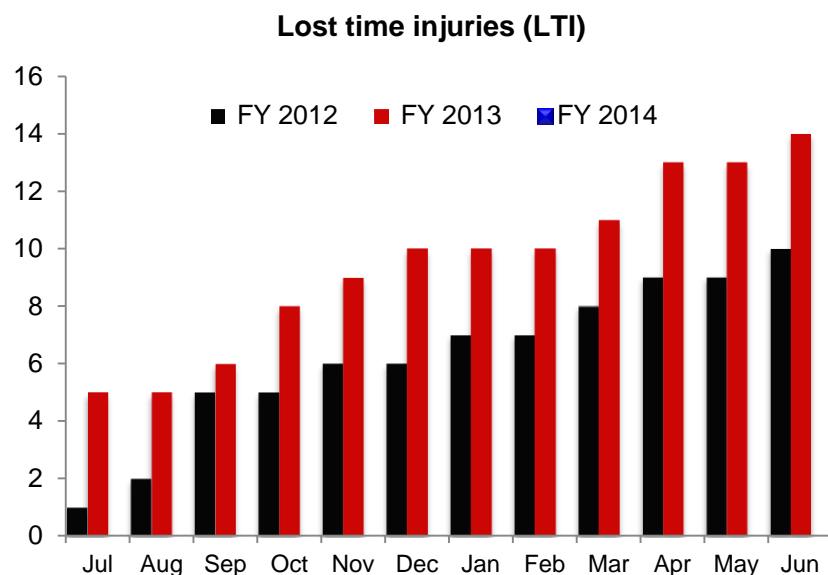


Debt	Short-term funding secured	<ul style="list-style-type: none"> Investec R210 million(\$19million) short-term facility secured and first drawdown of R107 million(\$9.7 million) effected
Logistics	Marketing relationship and take or pay	<ul style="list-style-type: none"> Take or pay liability has been significantly reduced. Agreement being negotiated to close/settle this liability
Sale – assets	Positive progress regarding the clean up	<ul style="list-style-type: none"> Sale of Woestalleen completed The sales of Opgoedenhooop and Holfontein are progressing Mooiplaats sales process in progress Substantial clean-up of legal matters – only one material matter outstanding

Operational and project review: David Brown, Chief Executive Officer



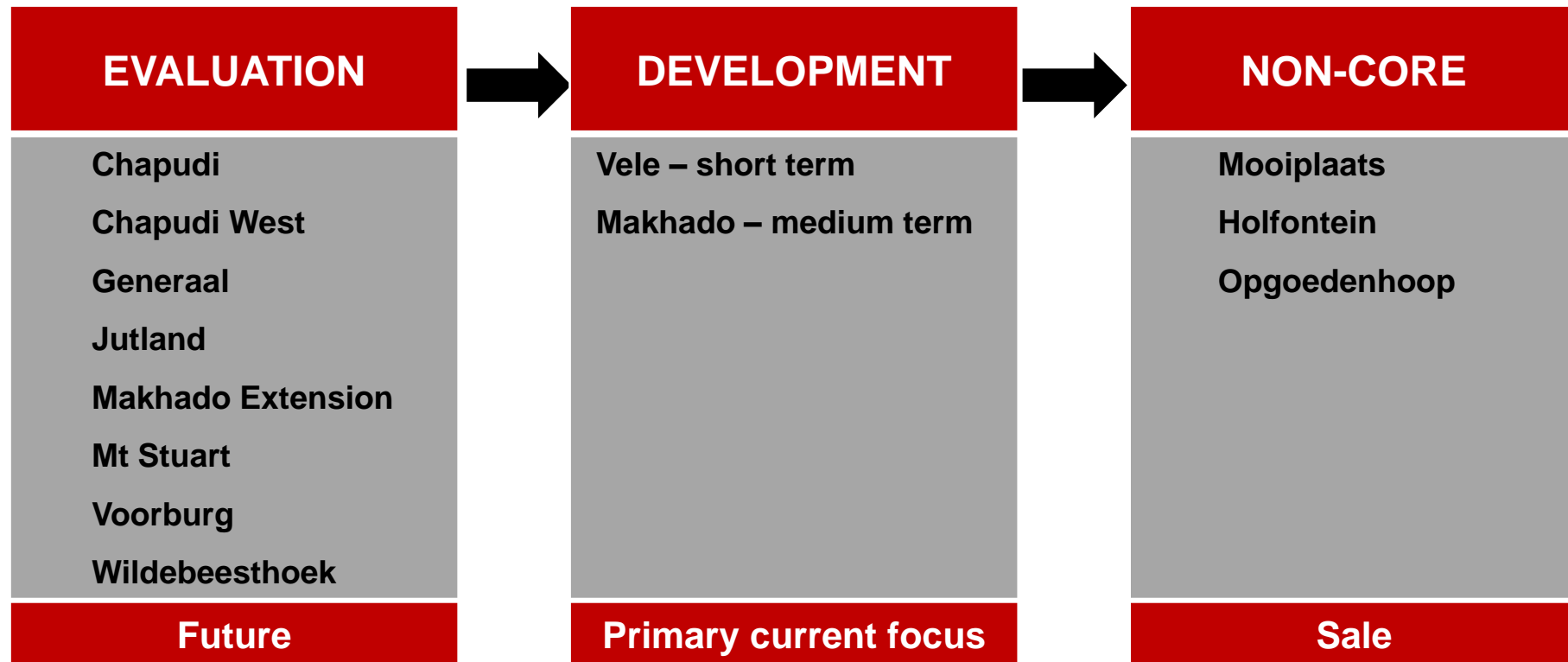
Refocus on safety



- Safety performance was positive with zero LTI's recorded during the six months ending December 2013 (FY 2013: 14)
 - 4,000 FFPS* at Vuna
 - 5,346 FFPS* at Woestalleen
 - 3,469 FFPS* at Mooiplaats
 - 1,858 FFPS* at Vele

* Fatality-free production shifts

Repositioned CoAL



- Assets in two major phases (evaluation and project development)
- Development of Vele and Makhado to drive short-term activities
- Development of evaluation projects with a significant resource pipeline with further hard coking coal potential

Project development: Vele Colliery

- Vele received a 30-year NOMR in March 2010 over 8,662ha with a life of mine in excess of 50 years
- To date CoAL has invested R1.16 billion in Vele on plant construction and production
- Plant modification and mine development of approximately \$42.8 million to facilitate simultaneous production of three saleable products
- Plant modification to be executed by Sedgman under FEED and EPC contracts
- Vele has received a letter of intent from AMSA regarding the semi soft coking coal off take agreement, but pricing not agreed at this stage



Project development: Vele Colliery



- Vele has access to 795.7Mt GTIS and 362.5Mt MTIS of shallow dip coal
- The initial mine plan is based on mining 42.4Mt of ROM from the central and northern pits over a 16-year period, producing 16.5Mt of saleable product
- Additional opencast resources in west pit and potential for underground mining
- CoAL has undertaken extensive exploration with over 350 boreholes drilled to obtain further coal quality information

Vele Colliery – Project parameters

- Project parameters:
 - Produce 2.7 million ROM tonnes per annum
 - Simultaneous production of three products:
 - ▶ semi-soft coking coal (295Ktpa)
 - ▶ Eskom quality thermal coal (283Ktpa)
 - ▶ sized thermal coal (nuts & peas)(471Ktpa)
- Project NPV in excess of \$120 million
- Excess in-situ resources valued at almost \$200 million
- Funding and off-take phase to be agreed upon by 31 March 2014
- Sedgman construction timeline:
 - Construction start: 1 June 2014
 - Construction timeline: 12 month construction, followed by a 3-month plant ramp up



Source and application of funds



Application of funds	
	Amount (\$m)
EPC contract	23
Eskom power line	1
River diversion and mine development	3
Ramp-up costs	13.8
Finance costs	2
Total	42.8

- Plant modification will be funded on an agreed debt-to-equity ratio

Project development: Makhado Project

CoAL has completed a Class II Definitive Feasibility Study (DFS) on its flagship Makhado Project (Makhado)

- Movable tonnes in-situ (MTIS) of 344.8 million tonnes Net Present Value (NPV) of R6.79 billion (US\$697m) at an 8% discount rate (real)
- Producing 12.6 million ROM tonnes per annum
- 2.3Mtpa of hard coking coal and 3.2Mtpa of thermal coal
- Life of mine (LOM): 16 years
- Resource to be mined on an opencast basis with the potential for expansion into underground
- Capital expenditure of R3.96 billion (US\$406.3m), including contingency
- Non discounted peak funding requirement is R4.2 billion (US\$432.8m)
- The average on-mine operating costs are R865.00 (US\$88.71) per saleable hard coking coal tonne
- The Makhado Project benefits from excellent existing infrastructure with respect to rail, road, power and port allocation

Project development: Makhado Project

- CoAL has commenced discussions with:
 - Broad Based Black Economic Empowerment (BBBEE) groups, majority being local communities
 - strategic partners (from a funding and off take perspective)
 - potential debt lenders
 - CoAL working towards a funding structure which will include debt funding whereby CoAL's retains majority ownership with the incoming partner's contribution meeting CoAL's full equity requirement for the project
- Suggested company structure:
 - 26% BEE shareholder
 - ▶ 20% community (seven local communities)
 - ▶ 6% ESOP
 - strategic partner
 - majority ownership by CoAL
- Timeline:
 - CY 2014 regulatory and funding process
 - planned commencement in Q2 2015
 - 26 months plant construction and mine development

Makhado Project: Regulatory and compliance

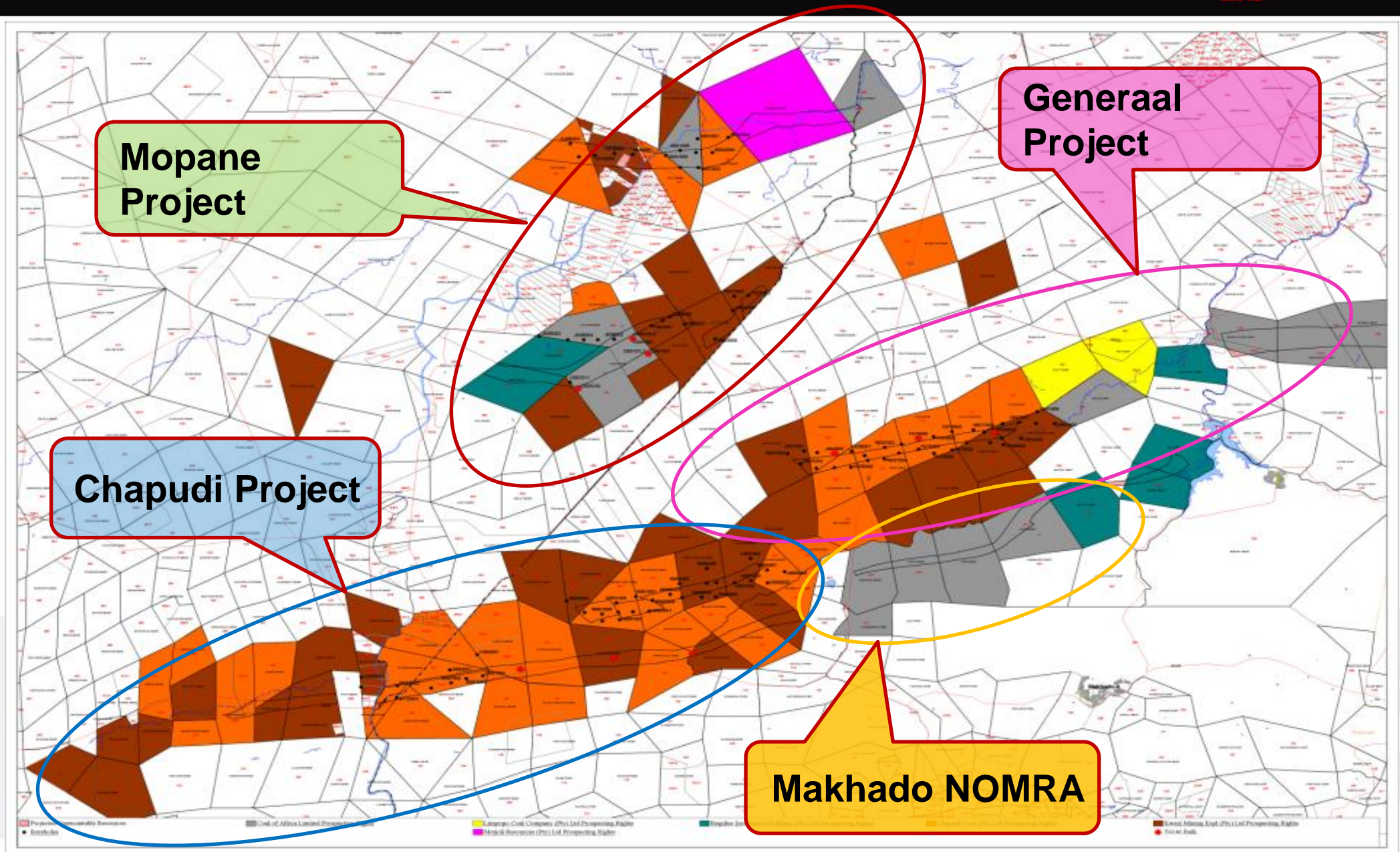


- New order mining right (NOMR) application – MPRDA
 - MOA Signed with communities on BEE to progress to final agreement
 - mining right application being processed by Department of Mineral Resources (DMR) regional office

- IWULA – Department of Water Affairs (DWA)
 - DWA assessing ground water review
 - Department of Agriculture to issue letter of support for IWULA
 - IWULA to be issued upon granting of NOMR by DMR

- National environmental management act (NEMA)
 - authorisation received in August 2013

Projects



Financial review: Michael Meeser, Chief Financial Officer



Financial performance HY 2014



- The loss for the period under review of \$46.3 million (2012: \$111.7 million) includes non-cash charges of \$30.3 million (2012: \$96.1 million) as follows:

	31-Dec-13	31-Dec-12
	\$'000	\$'000
Non cash movements		
Impairment	16.5	50
Net foreign exchange losses	12.6	19.9
Depreciation and amortisation	1.2	19.2
Grinrod settlement	-	2.7
Fair value adjustment of Investec derivative	-	4.3
Total	30.3	96.1

- Cash loss impacted by:
 - all operations on care and maintenance hence lower production
 - cash cost included retrenchment and closure cost
- In accordance with International Financial Reporting Standards (IFRS), the Mooiplaats and Woestalleen operation have been classified as assets held for sale. This results in a single line entry in the annual condensed consolidated financial statements

Financial performance HY 2014



	Six months ended	Six months ended
	31-Dec-13	31-Dec-12
	\$'000	\$'000
Continuing operations		
Revenue	60	516
Cost of sales	(76)	(898)
Gross loss	(16)	(382)
Depreciation and amortisation	(1,286)	(498)
Foreign exchange losses	(12,564)	(19,857)
Employee benefits expense	(4,116)	(7,477)
Other expenses	(5,759)	(10,448)
Take or pay port obligation	(1,549)	(1,626)
Operating lease expenses	(174)	(545)
Other (loss) and gain	-	(4,299)
Other income	388	-
Operating loss	(25,076)	(45,132)
Net Finance income	86	345
Loss before tax	(24,990)	(44,787)
Income tax credit / (charge)	-	-
Net loss for the period from continuing operations	(24,990)	(44,787)
Operations held for sale		
Loss for the period from operations held for sale	(21,306)	(66,883)
LOSS FOR THE PERIOD	(46,296)	(111,670)

Cashflow HY 2014



	Six months ended 31-Dec-2013 \$'000	Six months ended 31-Dec-2012 \$'000
Cash flows from operating activities		
Receipts from customers	23 490	90 279
Payments to employees and suppliers	-45 573	-121 802
<i>Cash used in operations</i>	-22 083	-31 523
Net Interest received(paid)	318	334
Net cash used in operating activities	-21 765	-31 857
Cash flows from investing activities		
Acquisitions	-1 624	-25 421
Increase in other financial assets	3 428	-724
Payments for development assets	-4 038	-17 993
Net cash used in investing activities	-2 234	-44 138
Cash flows from financing activities		
Net Proceeds from the issue of shares and options, net of costs	-	71 410
Repayment of borrowings	-12 355	-157
Proceeds from borrowings	10 664	4 897
Finance lease repayments	-54	-911
Net cash (used in) / generated by financing activities	-1 745	75 239
NET DECREASE IN CASH AND CASH EQUIVALENTS	-25 744	-756

The way forward: David Brown, Chief Executive Officer



Short-term targets to unlock value



Vele	<ul style="list-style-type: none">▪ Raise funding for plant expansion▪ Commercial discussions on off take agreements underway▪ Commence construction of modified plant during CY 2014▪ Commence production during CY 2015
Makhado	<ul style="list-style-type: none">▪ Attain all requisite regulatory approvals in conjunction with empowerment transaction to be concluded CY 2014▪ Progress financing alternatives for the Makhado Project CY 2014
Non-core assets	<ul style="list-style-type: none">▪ Sale of non-core assets to be completed during CY 2014



Questions?

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