11th Coaltrans China

A junior mining company perspective on effective Chinese partnerships in overseas mining projects

John Wallington, CEO

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COAL of AFRICA LIMITED

北京昊华能源股份有限公司
BEIJING HAOHUA ENERGY RESOURCE CO.,LTD

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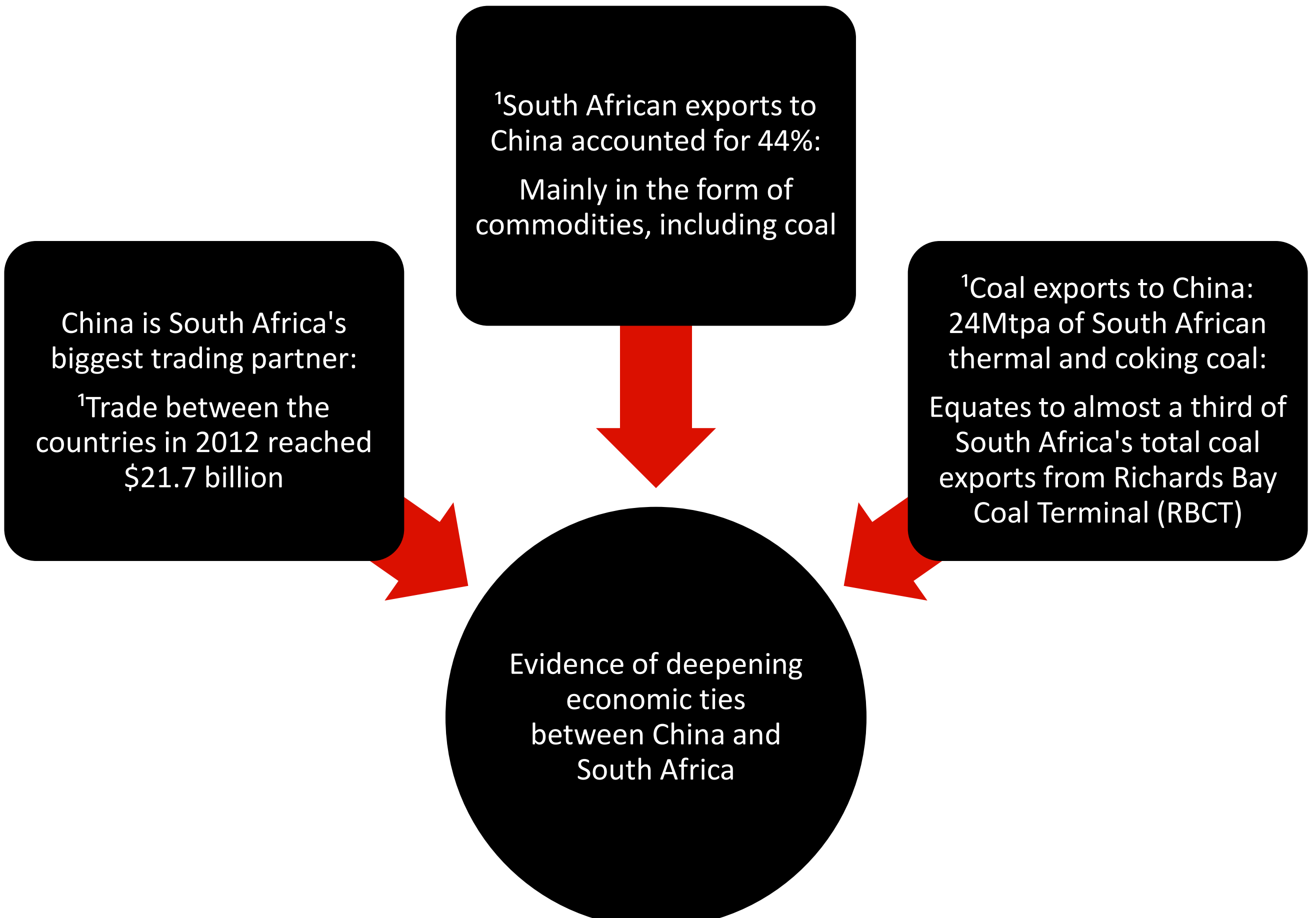
Recipients of this presentation should refer to (1) the Independent Technical Statement for Coal of Africa as at 18 September 2011, and (2) the Independent Technical Statement for the Greater Soutpansberg for Coal of Africa Limited, 31st May 2012, each prepared by Venmyn Rand (Pty) Ltd, which are available on Coal of Africa's website (www.coalofafrica.com), 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.

Introduction

China and South Africa: Strengthening economic ties



[1]*Source – Argusmedia.com : 26 March 2013 based on 2012 stats*

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

- Listed on ASX, JSE and AIM
- 1.048 billion shares in issue
- Market capitalisation: ***AUD204m/£147m/ZAR2bn**
- ROM coal 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 target of coking and thermal coal: **10 million tonnes per annum**

** As at 10 April 2013*

BHE at a glance: coal producer in China

- Listed on Shanghai Stock Exchange
- 1.2 billion shares in issue:
- Market capitalisation: *** 13.5 billion CNY**
- ROM production of 11.2 million tonnes in FY2012
- Total workforce: 17,759

** As at 10 April 2013*

- Largest exporter of anthracite coal from China: exports 2Mtpa of anthracite products
- BHE is the only coal producer under the administration of the Beijing municipal government
- Interests in operating and development of thermal and anthracite coal mines
- Skills and expertise: unique technique in mining of steep coal seams among other proprietary IP
- Products used principally in metallurgy, electric power, chemical engineering, and construction

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The strategic partnership to create a world-class coal portfolio: CoAL and BHE

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Co-operation agreement: formalising the strategic partnership

Collaboration* between BHE and CoAL	• Development of capital projects • CoAL's long-term funding requirements including the identification of banks and institutional sources of financing • Development of business policies, budgets and operating plans • Identification and procurement of essential services which include managerial, financial, technical and marketing
Securing broader markets	• Agreement** giving HEI the right to market a percentage of CoAL's annual coal production: in line with HEI's total shareholding from time to time and on arm's length commercial terms

** As long as HEI holds at least 19.9% of CoAL*
*** Subject to any pre-existing marketing or off-take arrangements*

Complementary players: overview of the strategic partners

BHE: business overview

Major business

- Mining, washing, export and sales of coal products

Major products

- Anthracite coal: ‘Jing Ju Jie’ anthracite coal used in metallurgical, power, chemical and construction material industries
- Thermal coal: thermal coal from Gaojialiang Coal Mine

Resources

- Total resources of more than 2.4 billion tons

Coal production

- Four mines in production and one under construction
- Total production from producing mines stands at 11.2Mt per annum (5.2Mt from mines in West Beijing and 6Mt from mines in Inner Mongolia), which is expected to exceed 20Mt by the end of the 12th five-year plan period





BHE: location of projects and operations

Total production expected to exceed 20Mt by the end of the 12th five-year plan period

Coal operation in Inner Mongolia

- Coal mines: two – Gaojialiang, Hong qingliang (under construction)
- Coal type: thermal
- Total production: 12Mt
- Total resource: 2.18Bt, 1.44Bt from Gaojialiang

Coal operation in West Beijing

- Coal mines: three – Muchengjian, Daanshan and Chang gouyu
- Coal type: anthracite
- Total production: 5.2Mt
- Total resource: 281Mt

BHE marketing and logistics

Logistics

- Ease of access to national railway network including Fengsha Railway, JingJlu Railway and Jinigguang Railway
- Coal can be transported throughout China and to major ports
- Shortest route to major ports in China is utilised for the seaborne products: enables higher margins
- BHE’s own railway company constructs spurs between coal mines and national lines
  - 30 km created to date since 2011

Marketing

- Extensive marketing network
- Services domestic customers in East China, Northeast China and North China regions
- Dedicated international coal trading firm: high-end international customers in Japan and Korea

BHE: growth strategy

1. Strategic intent to expand its investment into global coal mining and resources

2. Develop long-term and mutually beneficial strategic partnerships with organisations that:
   - *a. are familiar with the local regulatory environments*
   - *b. can manage the development of coal assets through to production*

3. Secure marketing rights to introduce partners to its key Asian customer network

4. Significant capital contribution to develop partner's assets in return for a material equity stake

BHE: safety performance

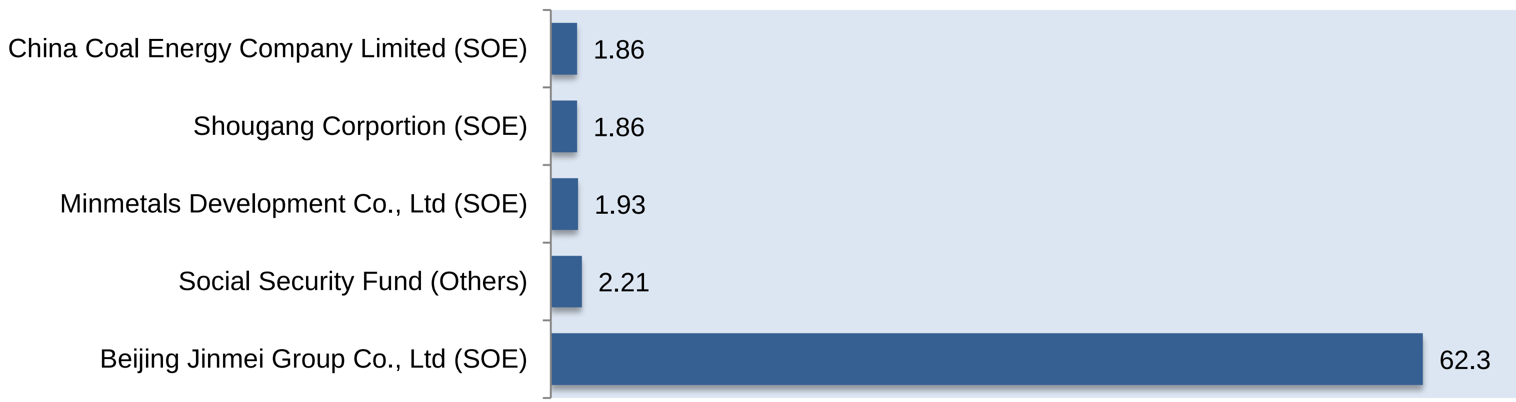
- Safety culture embedded with industry standards: BHE subscribes to developing its assets scientifically based on best practice
  - Safety and environmental management standards
- Safety management tenets are deeply rooted among the employees at all levels including
  - Safety is controllable
    - ‘First safety, then operation’

BHE: safety performance, cont'd
Putting commitment to safety into practice

- Technologically innovative in-house methods to develop, mine and ventilate assets within extremely complicated geological conditions in the west of Beijing
- Initiatives in each mine that led to significantly enhanced safety and security equipment at all operations:
  - Wide use of anchor network and hydraulic support
  - Adopted induced draft technology
  - Implemented comprehensive monitoring and controlling information
  - Underground personnel locating system has been utilised for 3 years

Capital structure and shareholding

Top five shareholders (%)



Founders

Jingmei Group
- The only coal producer directly under the Beijing municipal government

Minmetals
- One of the leading diversified mining companies in China focusing on trading and production of mineral resources

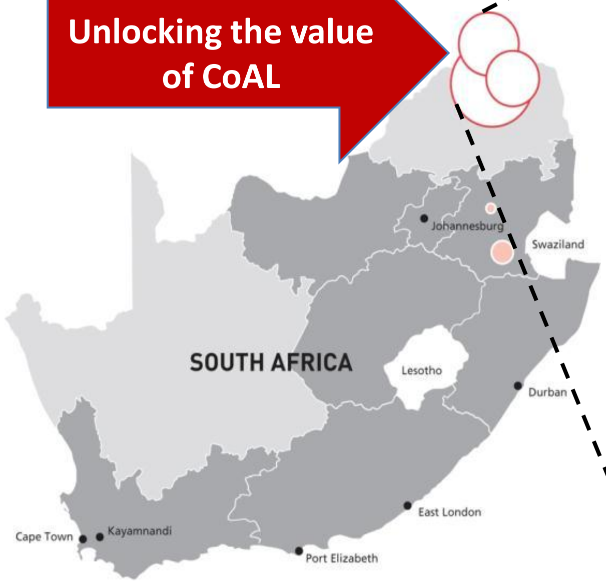
Shougang
- One of the largest steel producers in China

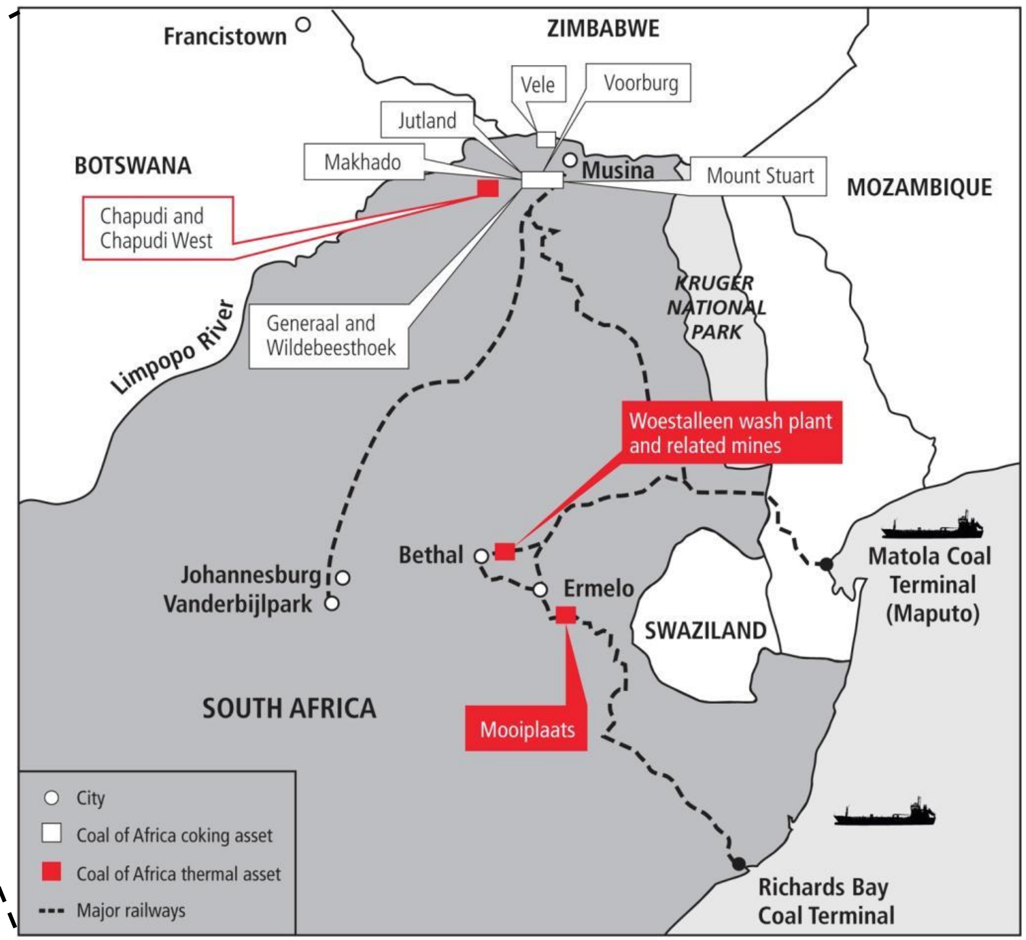
China Coal
- One of China's top three coal producers, with production beyond 100 million tons three years in a row

CCRI
- The only coal research institute servicing the coal industry in China

Location: operations and unexplored resources

Unlocking the value of CoAL





Overview: projects and operations

RESOURCES IN EVALUATION PHASE	RESOURCES IN FEASIBILITY PHASE	MINING
Chapudi Chapudi West Generaal Jutland Makhado Extension Mt Stuart Voorburg Wildebeesthoek	Makhado Vele	Mooiplaats Woestalleen[1]

COAL OF AFRICA: VALUE DRIVERS

- 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

[1] *Includes the Vuna Colliery, the remaining open-cast pit in operation*

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)[1,2]			JORC-compliant reserves (proven and probable)[2]	Strike length drilled to date (km)	Strike length to be drilled (km)
Project name (coalfield)	**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	-
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	-	-
Total	**8,840.7**	**7,198.2**	**2,413.4**	**357.1**	**67.9**	**66.1**

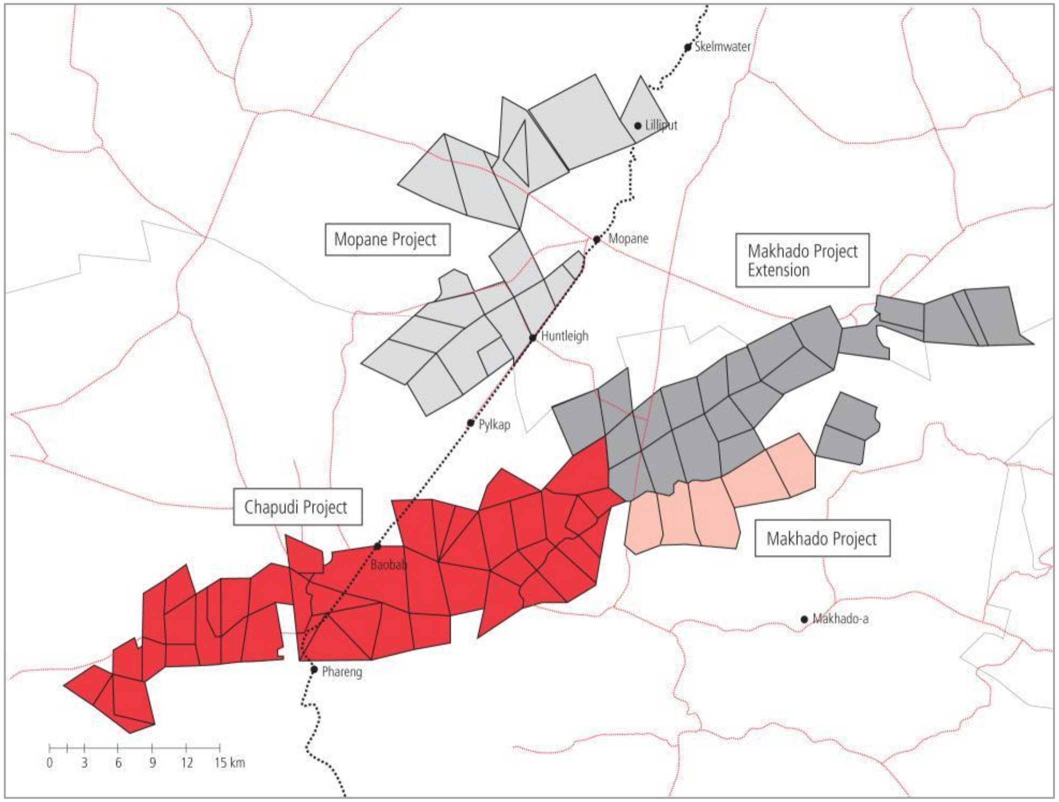
CoAL has extensive resources with contiguous assets

Significant base of potential coking and thermal coal products >8.0bn tonnes

1 Resources are stated inclusive of reserves
2 Independent Technical Statement for the GSP (30 September 2012)

Contiguous properties in Limpopo (South Africa): offer future value

- **Significant Resource**
  - Establishes CoAL as a major coking producer in South Africa
  - 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
  - Regulatory approvals in progress
  - Compilation of updated resource statement in progress



Current projects: key statistics

Vele Colliery	
Resources/Reserves[1]	362.5/325.6Mt MTIS
ROM production – initial phase	2.7Mtpa
Product	400 – 600Ktpa Semi-soft coking coal and 1 - 1.2Mtpa thermal coal product
Ownership	100%
Quality	Semi-soft coking coal

(1) Resources are inclusive of reserves

Product testing being finalised

Makhado Project	
Resource	344.0Mt MTIS (open-cast area)
ROM production	10 – 12.6Mtpa(from open-cast mining)
Product	2Mtpa hard coking coal and 3Mtpa thermal coal
CoAL attributable	100%
Quality	Hard coking coal

DFS undergoing third-party verification

Logistics

- **Rail**
  - Link to Matola with capacity of 6 – 8Mtpa
- **Port**
  - Access to international markets
    - Allocated 3Mtpa capacity with potential for expansion

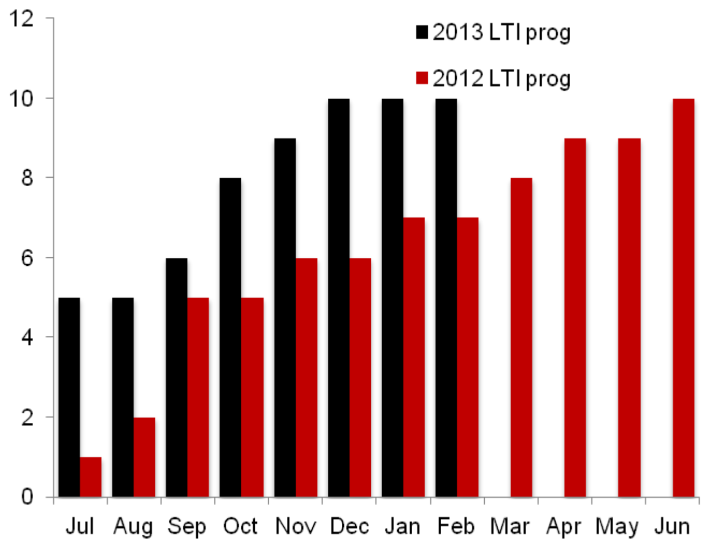
Matola dry bulk terminal, Maputo (Mozambique)

A company in transition: turnaround strategy for growth

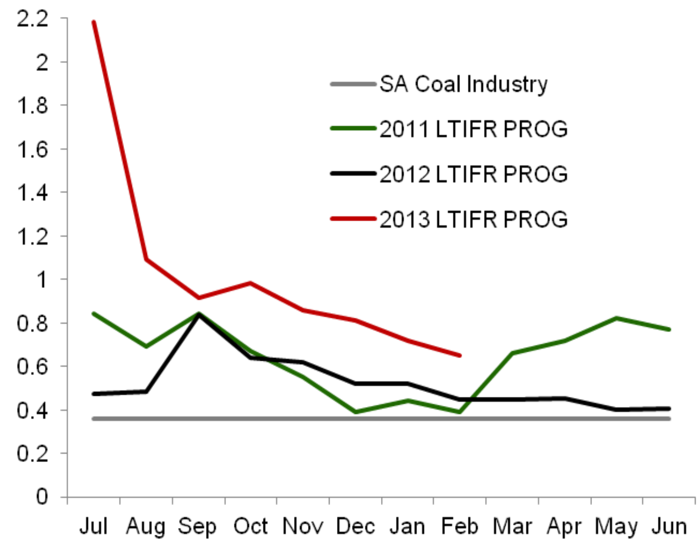
1. Attaining strategic investors
2. Resolve thermal assets restructure
3. Product quality confirmation and ramp-up at Vele
4. Secure project funding for Makhado and obtain regulatory approvals

Safety performance

Lost time injuries



Lost time injury frequency rate versus industry

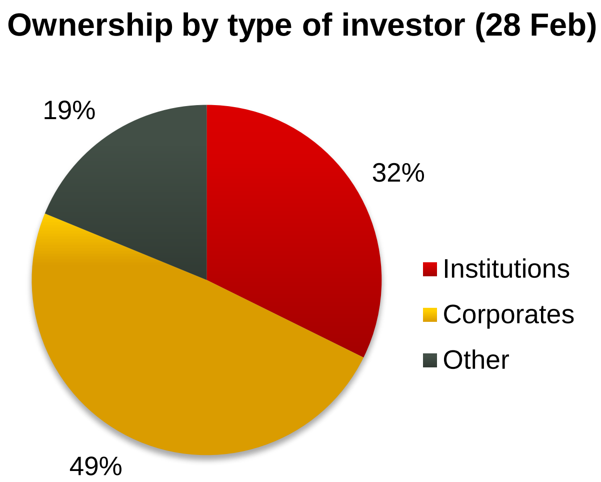


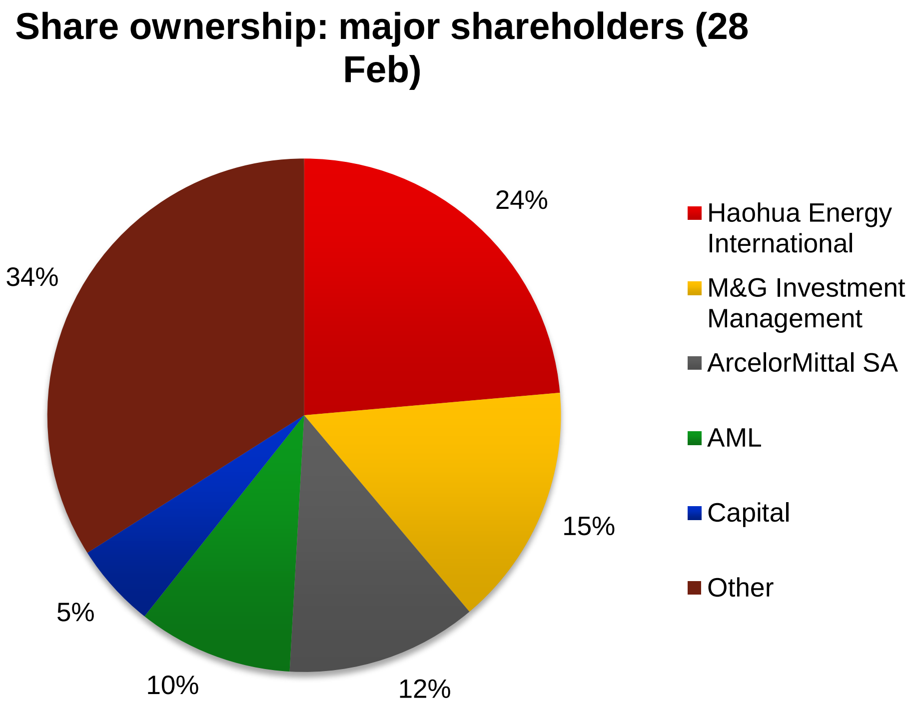
- Zero fatalities: 10 LTIs recorded to end of February compared to FY2012:7 recorded for the comparable period
- During FY2013 the group achieved:
  - 4,553 FFPS* at Vuna
  - 4,665 FFPS* at Woestalleen
  - 2,991 FFPS* at Mooiplaats (3,000 FFPS achieved on 5 March 2013 @ 22:00)
  - 1,228 FFPS* at Vele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

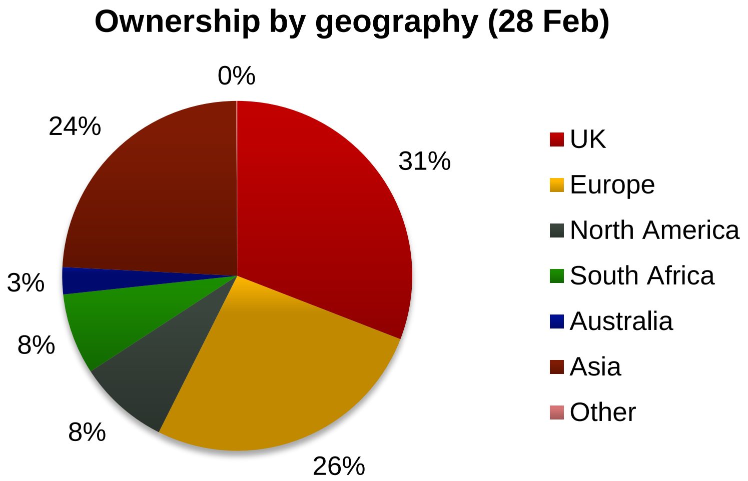
** Fatality-free production shifts*

CoAL capital structure

- As at 28 February 2013
  - total number of shares in issue: 1,048,368,613







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Value for the partners

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Strategic partnership is mutually beneficial

Benefits for CoAL	Benefits for BHE
Investment at corporate level improves CoAL's balance sheet	Access to international markets through investment in Africa-based CoAL: first investment outside the PRC
Follow up investment to fund project development	Securing additional supplies of coal products
Access to Chinese market: the world's largest consumer	Access to high-quality coking coal products to better cater to customers' diverse needs
Uplift in management and technical expertise through two-way exchanges with BHE	Uplift in management and technical expertise through two-way exchanges with CoAL

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