ANNOUNCEMENT **30 September 2014**

Full Year Results for the Period Ended 30 June 2014

Coal of Africa Limited ("CoAL" or the "Company") is pleased to provide a copy of its Annual Financial Statements for the year ended 30 June 2014 which are available on the Company's website, www.coalofafrica.com.

Highlights:

- No Fatalities (FY2013: one) and one lost time injury recorded during the year (FY2013: 14).
- Appointment of Sedgman as engineer for the front-end engineering and design ('FEED') for the Vele Colliery plant modification project.
- Signature of a Memorandum of Agreement with seven communities located in the proximity of the Makhado Project, ensuring a broad based Black Economic Empowerment ('BEE') structure is in place. The Company continued its interaction with potential funders of this BEE structure which will facilitate the finalisation of their acquisition of a 20% interest in the Makhado project.
- The Makhado Project received Environmental Authorisation in terms of National Environmental Management Act ('NEMA') and Environmental Impact Assessment Regulations from the Limpopo Department of Economic Development, Environment and Tourism ('LEDET').
- Repayment of the remaining $12.5 million of the Deutsche Bank facility as well as the Investec derivative facility during the year.
- A ZAR210 million (approximately $21.4 million) 18 month credit facility secured from Investec Bank Limited. Drawdown of the first ZAR107.5 million ($10.2 million) of the Investec facility completed of which ZAR40 million ($3.8 million) was repaid in Q2 CY2014.
- Settlement of the business interruption insurance claim relating to the February 2013 train derailment on the Maputo corridor and receipt of ZAR14.0 million ($1.3 million) excluding VAT).

Chief Executive Officer, David Brown commented:

"The last financial year has been one of great progress for the Company in resolving many of the legacy issues that have plagued its ability to create value for the last few years. The result of the efforts is that we believe that CoAL is positioned to begin the process of successfully exploiting its significant resource base.

Overview

The 2014 financial year marks the conclusion of the turnaround strategy that was initiated in CY2013. Cost cutting processes resulted in the placement of the Mooiplaats Colliery on care and maintenance, the reduction of corporate staff head count and production at Vele was suspended in anticipation of the planned plant modification On 19 September 2014 the Company signed a Sale and Purchase Agreement (“SPA”) for the disposal of the Mooiplaats colliery for a gross consideration of ZAR250 million ($23.47 million) in cash. This will finalise the sales of the identified non-core assets. During the year the S11 approval was granted by the Department of Mineral Resources (“DMR”) completing the final condition for the sale of the Woestalleen Complex and the Opgoedenhoop mining right. A ZAR5million ($0.5 million) option fee has been received for the acquisition of the Holfotein project for an all-inclusive amount of ZAR50 million ($5.2million) and the Company converted its shareholding in the ASX listed Lemur Resources Limited to AIM listed Bushveld Minerals Limited (“Bushveld”) shares. The Bushveld shares have been partially sold and the balance will be sold depending on market conditions.

On 27 August 2014 the Company reached an agreement with Grindrod Corridor Management Proprietary Limited and Terminal de Carvão da Matola Limitada (‘TCM‘), both subsidiaries of Grindrod Limited (‘Grindrod‘), which will result in a $10 million payment. The payment will settle the current liabilities recorded to date as well as cover all future take or pay obligations until 31 December 2016. The Company will be able to export coal during the settlement period with no take or pay obligations.

On 25 September 2014 the shareholders voted in favour of an equity placement of up to $64.9 million (£38.225 million). The Company have satisfied all the conditions to Stage 1 of the placement for 251,000,000 ordinary shares of approximately $23.4 million ($£13.805 million) save for regulatory approvals within the People's Republic of China which are expected in the near future.

Operational Review

Mooiplaats Colliery – Ermelo Coalfield (74% owned)

- The Mooiplaats thermal coal colliery (“Mooiplaats Colliery”) was placed on care and maintenance during the September 2013 quarter and recorded no lost time injuries (“LTIs”) during the period (FY2013: ten LTIs).

- As at 30 June 2014 the colliery was considered to be non-core and recorded as an ”operation held for sale”
- Subsequent to year end the Company announced the signature of a SPA for the Mooiplaats Colliery. The SPA is subject to the confirmation of funding and the purchaser expects to finalise this condition by the end of October 2014

Vele Colliery – Limpopo (Tuli) Coalfield (100% owned)

- The Vele coking and thermal coal colliery (“Vele Colliery”) recorded no LTIs during the quarter (FY2013: one LTIs).
- During the period the Snowden Group (“Snowden”) commenced with a Technical Review of the Vele Colliery plant modification and Sedgman South Africa (“Sedgman”) continued with the FEED process for the plant modification project.
- The construction of the plant modification is expected to commence in Q3 CY2015 and be completed by the end of CY2015 with the production ramp-up phase complete in early CY2016. The Company intends to fund the plant modification with the proceeds from the approved equity raise.
- During the year the Company received stakeholder input for the application to amend the Environmental Authorisation in terms of the NEMA relating to the Vele plant modification project. No material issues were raised and the Company is confident that the record of decision from the Department of Environmental Affairs will be received during Q4 CY2014. Extensive work on the application to amend the colliery’s Integrated Water Use Licence (“IWUL”) to include the plant modifications was undertaken during the period and this application was submitted during September 2014. In addition the Company decided to submit a renewal application with the amendments as the IWUL expires in March 2016. The Company is following a prudent approach and the current IWUL remains valid. CoAL expects that the IWUL approval will result in construction of the plant modification to start in Q3 of CY 2015
- Discussions with potential customers for the Vele Colliery coal continued during the quarter and the Company expects to convert these into formal off-take agreements in CY2015.

Makhado Coking Coal Project – Soutpansberg Coalfield (100% owned)

- The Makhado coking coal project (“Makhado Project”) recorded no LTIs (FY2014: no LTIs) during the financial year.

As required under South African mining legislation, a minimum 26% Black Economic Empowerment ("BEE") shareholding is required for mining and exploration projects. The Company signed a Memorandum of Agreement during the March 2014 quarter to enable a BEE consortium comprising seven local communities to acquire an interest ensuring that the Makhado Project has the requisite corporate structure for the granting of the New Order Mining Right ("NOMR"). Discussions continued with potential funders to facilitate the BEE consortium's acquisition of its interest and the Company anticipates that these will be finalised during Q4 CY2014, expediting the granting of the NOMR.

Greater Soutpansberg Project (MbeuYashu) (74% owned)

- The MbeuYashu Project recorded no LTIs (FY201: no LTIs) during the period.
- During the quarter the Company finalised the public participation programmes in relation to the Environmental Impact Assessment phase for the Generaal, Chapudi and Mopane projects, all forming the Greater Soutpansberg Project.

Future developments

The Company has finalised additional core drilling and core testing in order to ascertain the coal quality at the Vele colliery. This data has been utilised in a financial model which supports the investment case for a plant to produce semi-soft coking coal as well as thermal coal. The board approved the technical plan and has commenced on the engineering design for the plant modification required at Vele, which will allow the commencement of a 6 month construction in Q3 CY2015 with a 3 month ramp-up to full production, subject to regulatory approvals. The planned plant modification will be funded from the proceeds of the proposed equity raise, as announced on 26 August 2014.

The Makhado project Definitive Feasibility Study ('DFS') completed during the previous financial year indicates that the project has 344.8 million mineable tonnes in situ and a 16 year life of mine. The opencast project is expected to produce 12.6 million tonnes per annum ('Mtpa') of ROM coal yielding 2.3 Mtpa of hard coking coal and 3.2 Mtpa of thermal coal for the domestic or export markets. The project is expected to cost ZAR3.96 billion ($406 million) (including contingency) to build. The project's Internal Rate of Return ('IRR') of 30.1% and Net Present Value ('NPV') of ZAR6.79 billion ($697 million) were calculated using independently forecast average hard coking coal prices over the life of the mine(as at June 2013).

The exploration and development of the CoAL prospects in the Soutpansberg coalfield is the catalyst for the long-term growth of the Company. The Department of Mineral Resources has accepted the Company's New Order Mining Right applications for the Mopane, Generaal and Chapudi projects.

Financial review

- $3.3 million (FY2013: $145.4 million) in revenue generated by the Mooiplaats colliery for the year with the significant reduction in revenue as a result of the operation being put on care and maintenance in October 2013.
- Non-cash charges of $54.2 million (FY2013: $106.4 million) including:
  - impairment of Mooiplaats of $14.9 million (FY2012: $48.5 million);
  - depreciation and amortisation of $2.2 million (FY2013: $28.6 million);
  - unrealised foreign exchange losses of $36.4 million (FY2013: $28.6 million) as a result of the South African rand weakening against the United States dollar; and
  - share based payment expense of $0.7 million (FY2013: $0.7 million).
  - Envicoal (Pty) Ltd had previously launched arbitration proceedings against NuCoal Mining (Pty) Ltd in which they originally sought to claim damages to the value of ZAR188.1 million ($17.8 million). A ruling on this matter was received on 12 September 2014 with an award for Envicoal. The Company is reviewing the findings and pending the finalisation of all related processes, has therefore provided for the full amount payable of $2.2 million as at 30 June 2014

Total unrestricted cash balances at year-end, including cash held by operations available for sale was $2.1 million (FY2013: $29.9 million). The Directors believe that, provided the announced equity raise ($64.9 million) and sale of Mooiplaats Colliery ($23.47 million) are successfully concluded, the Company will have sufficient funds for the Company's expected working capital requirements for at least the next 18 months. Shareholders' attention is also drawn to the 'Going Concern' disclosure in the Notes to the Financial Statements.

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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).